We've all heard the maxim, ‘Give a man a fish and he eats for a day. Teach a man to fish and he eats for a lifetime.’ Good luck implementing that teaching program.

Through the years spent working in the third sector in South Asia and North America, I’ve seen intelligent and good-hearted nonprofits teach unmarketable skills, employ no-show teachers, completely fail to implement basic monitoring, evaluation, and learning programs, and impose themselves on communities in dictatorial fashion without any accountability to stakeholders. I’ve also seen unscrupulous nonprofits that misdirect funds, bribe local officials, and enrich their family members through special contracts.

“How much of Robin Hood’s money went to fundraising expenses and campaign contributions and how much actually went to the poor?”

(Source: Funny Times)

These are some of the reasons why cash transfers are rapidly gaining the world’s attention through the public sector partnering with nonprofits. Cash transfers cut down on bureaucracy (public and nonprofit), they limit opportunities for embezzlement, and they’re far less paternalistic than other charitable programs.
Cash Transfers Overview
Unconditional cash transfers (UCTs) and conditional cash transfers (CCTs) are possibly the hottest thing right now in the development world (here and here). A plethora of studies coming out of Princeton, MIT, U of Chicago, and other leading universities have shown the benefits of cash transfers.

Gone are the days decrying ‘welfare queens’ based on logical reasoning yet lacking empirical evidence. Think that conditional and even unconditional cash transfers will discourage employment and lead to alcohol abuse and spending on ostentatious displays of status? You may be wrong (here, here, and here).

Concerned that cash transfers might not be perceived well and thus counter your fundraising/political goals? Quite the opposite, actually.

But this is just some right-wing idea that will turn off younger people, right? Nope, nope, and definitely nope.

Cash Transfers In The US
The most highly regarded poverty alleviation tool in The US by both left and right-leaning economists is the Earned Income Tax Credit, a CCT program in the United States under which qualifying households receive up to $6,242 per year. Contrary to popular belief, the poor spend most of the EITC money on durable, long-term goods like cars which enable them to get to work. A new study by Hoynes and Patel suggests that the EITC may even be twice as effective at reducing extreme poverty as previous research has suggested.

Other very successful CCT programs in the US include Opportunity NYC and Family Rewards 2.0, public-nonprofit initiatives with outstanding results (here and here). Beyond just a financial windfall, these programs give assistance on the condition that families make determined efforts to improve the health and education of their children.

Cash Transfers In India
Like low-income people in the US, low-income Indians often put off addressing health issues until too late or until costs skyrocket. Historically, government officials in rural India have had a hard time incentivizing poor women to show up for health checks and deliveries.

Last year, one of the least developed states in India began to implement a government-run conditional cash transfer program for new mothers in partnership with
The Bill and Melinda Gates Foundation. This public-nonprofit initiative is expected to save $36 million per year in leakages (i.e. corruption) and operational costs. After women visit health centers, cash is deposited directly into their bank accounts without any arbitrary “facilitation fees” (i.e. ‘new saris for government officials’ wives’).

This program has many things going for it. Not only do women receive all of the funds originally set aside for them, but they also must open a bank account (which has other positive externalities). On top of that, their money is available immediately, instead of after the former waiting period of 6 months.

With the extra time on their hands (reportedly 30% was formerly spent administering payments), government workers can now more efficiently do their jobs. Also, costs are cut and maternal and infant mortality is expected to decrease. Awesome.

Until recently, India has been known for heavily subsidizing commodities from rice to kerosene. The problem with subsidies, beyond ease of corruption, is that they’re regressive - they benefit the rich more because the rich consume much more. As demonstrated above (and here), the Indian government and nonprofit sector is moving towards cash transfers as a solution to many issues the poorest face (also here and here).

Cash Transfers in China
As of 2016, nonprofits have played an entirely different role in China than in India. Instead of focusing on poverty alleviation and human rights, China has seen more art, education, and religious nonprofits sprout up within the nation itself (Confucius Institutes remain the dominant nonprofit China exports to the world). To add to the matter, due to excessive government regulations, nonprofits generally have had a harder time of formally starting up.

Until recently, China hasn’t felt much need for nonprofits that address absolute or relative poverty (inequality). Market reforms, starting with the household responsibility system, along with a rich diaspora in close proximity to it (selfless link to my Master’s thesis), have allowed China to grow by leaps and bounds.

In absolute terms, China has one of the world’s largest CT programs. Relative to the percentage of people beneath the poverty line, however, it is very small. Academics have called for the expansion of this program, and we will have to wait and see whether or not it proves successful. In the meantime, China has some bigger ‘fish’ to fry. Actually I wouldn’t recommend eating fish in China at all.
There Is No Magic Bullet
While the research on CTs is promising, CTs also have drawbacks and they are only one of many responsible responses to a suffering world. Many people will be put off by the idea of UCTs, regardless of whether or not they’re effective. Governments partnering with nonprofits in India, China, and America that include some (but few) conditions on cash transfers may solve that issue.

While funneling money towards CTs won’t fix the world’s multi-layered problems (especially environmental issues), cash transfer programs show great promise. More research needs to be done on the specifics of implementing more public-nonprofit CT collaborative efforts. Which geographical areas of India, China, and America are likely to be more successful with CTs than others? Cost-benefit analysis of CCT programs in cities vs. rural areas? Do UCTs work better in some sub-cultures? Why?

Answers to these questions and more will help us understand how to more effectively make use of, what seems to be, a great tool for alleviating poverty.