

# Cash me outside: Transfers to the poor linked to eco-benefits

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A new study found that Indonesia's national anti-poverty program reduced deforestation in participating villages by about 30%. Credit: Mahastra Wibisono

In a new study, researchers recently discovered that Indonesia's national anti-poverty program reduced deforestation by about 30%.

The study's findings were published today in *Science Advances*.

"Two of the great global challenges of the 21st century are to reduce [poverty](#) and slow deforestation. Unfortunately, the solutions to those challenges are often perceived as conflicting with each other -progress on one front means retreat on the other," says Paul Ferraro, Bloomberg Distinguished Professor of Human Behavior and Public Policy at the Johns Hopkins University and the study's first author.

"Our study is the first of its kind to suggest that cash transfers to the impoverished can have a [positive effect](#) on [forest conservation](#). In other words, reducing poverty does not have to create unavoidable environmental costs—we can make progress on both fronts," says Rhita Simorangkir, co-author of the study and Research Fellow at the National University of Singapore.

Biodiversity and deforestation are disproportionately located in regions with high levels of poverty; for example, Indonesia is among the top ten biodiversity hotspots with the greatest area impacted by poverty. Indonesia also has the third-largest area of tropical forest and one of the highest deforestation rates, making it a strong study choice with findings that could be applied to other countries.



Researchers of a new study suggest that cash allows poor farmers to support themselves instead of deforesting more land when bad weather threatens to lower yields. Credit: Mahastra Wibisono

In the past, researchers only examined connections between poverty and the environment on the macroeconomic or local scales, says Ferraro. However, these studies are limited because they don't allow researchers to clearly establish a link between specific poverty interventions and environmental impacts.

A clear link would be significant, the researchers say, because so much international and philanthropic aid is aimed at programs to alleviate poverty. If evidence shows that such aid can also benefit the environment, [global leaders](#) would have new considerations for budget allocations and environmental goals.

For this study, Ferraro and Simorangkir studied Indonesia's national anti-poverty [program](#), Program Keluarga Harapan, which provides poor households with conditional cash transfers. The team reviewed data from 7,468 rural forested villages exposed to the program between 2008 and 2012, totaling 266,533 households that received cash.

To estimate the program's causal effect on deforestation, Ferraro and Simorangkir combined data on annual forest cover loss and data on how the program was phased in across villages, along with methods that help isolate the program's effect on forests from all the other factors that also affect forests.

The authors estimated that the anti-poverty program reduced deforestation in participating villages by 30%, with roughly half of those avoided losses in biodiverse primary forests. Their findings also show that reductions were larger when more villagers received [cash transfers](#) and when a village participated for more years.

The authors say the anti-poverty program seems to reduce deforestation because cash provides recipients with a sort of insurance alternative to [deforestation](#) (i.e. poor farmers now have money to support themselves instead of deforesting more land when bad weather threatens to lower yields), as well as allows recipients to buy products on markets rather than obtain them by clearing forests.

"Other studies have shown that Indonesia's program indeed lifted people out of poverty. But even if it had not done so, its environmental benefits are valuable. In fact, the economic value of the avoided carbon emissions alone compares favorably to program implementation costs. Similar programs in other countries should be evaluated in the same way, but if what we found in Indonesia generalizes to other biodiverse nations, it would provide some hope that global efforts to eradicate extreme poverty and reverse the loss of biodiverse ecosystems can be complementary," says Ferraro.

**More information:** P.J. Ferraro at Johns Hopkins University in Baltimore, MD et al., "Conditional cash transfers to alleviate poverty also reduced deforestation in Indonesia," *Science Advances* (2020). [advances.sciencemag.org/content/6/24/eaaz1298](https://advances.sciencemag.org/content/6/24/eaaz1298)

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