Malawi Social Cash Transfer Programme Impact Evaluation:
Characteristics of Eligible Households at Baseline

Introduction

The Government of Malawi's (GoM's) Social Cash Transfer Programme (SCTP) is an unconditional cash transfer programme targeted to ultra-poor, labour-constrained households. Households are defined as labour-constrained if each member who is fit to work supports more than three people who are not fit to work. The transfer amount varies based on household size and the number of children enrolled in primary and secondary school. The impact evaluation for Malawi's SCTP is government led with technical and financial support from UNICEF, the German government through KfW, the European Union, the International Initiative for Impact Evaluation (3ie), and the Food and Agriculture Organization (FAO), and is being implemented by The University of North Carolina at Chapel Hill (UNC-CH) and the Centre for Social Research of the University of Malawi (CSR-UNIMA). The impact evaluation uses a mixed methods, longitudinal, experimental study design. The evaluation combines quantitative surveys, and qualitative in-depth interviews and focus group discussions. There are three waves of data collection planned – baseline (2013) and two follow-ups – implemented in two Traditional Authorities each in Salima and Mangochi districts.

The purpose of this brief is to describe the household demographic and welfare characteristics of Malawi SCTP-eligible households at baseline and compare these households to rural ultra-poor households from the Third Malawi Integrated Household Survey (IHS3). In general, SCTP-eligible households are smaller, poorer, more food insecure, and have lower consumption than IHS3 rural ultra-poor households. SCTP-eligible household heads tend to be female, older, widowed, and have no education. Children comprise 52 per cent of household members, and over one-third of these children are orphans.

Household Characteristics

The Malawi SCTP evaluation uses the same definition of a household as the IHS3, classifying a household as "all individuals who normally live and eat their meals together in [the] household", excluding anyone who has been away for

six or more months. The SCTP evaluation sample consists of 4,352 total households. Of these, 3,531 are SCTP-eligible households and the remaining 821 are non-eligible households drawn from the same communities. This latter group is used for the local economy analysis.[1]

Among the eligible sample, 48 per cent (1,678) of households were randomized to the intervention group and received their first SCTP payment in May 2014, while the remainder were randomized to the delayed-entry control group and will receive payments at a future date. The control group serves as the basis for detecting which impacts can be directly attributed to the actual programme as opposed to other outside circumstances that could have been experienced by both treatment and control households.

Household Composition

Table 1 presents key information on household composition for the study and IHS3 comparison samples, including median household size, household dependency ratios, and the relationship between the household head and all other household members.

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[1] For more information on the local economy analysis, visit FAO's PtoP website at www.fao.org/economic/ptop/en/.

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RESEARCH BRIEF

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Table 1. Household Composition		
Characteristic	SCTP-Eligible	IHS3[1]
Number of households	3,531	2,252
Median total household members	4	6
Share of members ages 0-5 (per cent)	11.5	22.5
Share of members ages 6-11 (per cent)	22.5	21.3
Share of members ages 12-17 (per cent)	17.9	14.6
Share of members ages 18-64 (per cent)	23.2	36.7
Share of members ages 65+ (per cent)	24.8	5.0
Dependency Ratio	2.5	2.0
Relationship to household head	(per cent)	
Main respondent	22.3	17.7
Spouse/ partner	6.1	13.2
Child	38.2	64.5
Grandchild	25.2	2.8
Other	8.2	1.9

[1] IHS3 rural ultra-poor

In general, SCTP-eligible households are smaller than IHS3 rural ultra-poor households, and there are significantly more elderly household members in the SCTP-eligible population than the IHS3 comparison sample (25 per cent versus 5 per cent) and far fewer children aged 0 to 5 years (12 per cent versus 23 per cent). The latter statistic is meaningful since it implies that the programme, in fact, reaches very few children five and under. There are also telling differences in the relationship of household members across the sample. In the IHS3 sample, 65 per cent of members are children of the household head, in contrast to only 38 per cent in the SCTP households. However, 25 per cent of members in the SCTP sample are grandchildren of the household head. These differences are driven by the selection criteria for the SCTP, which focuses on labour-constraints, which implies fewer prime aged adults.

Table 1 also gives the median dependency ratio for SCTP-eligible and IHS3 rural ultra-poor households. Following the IHS3 definition, the *demographic dependency ratio* is defined as the sum of children under 18 and adults age 65 and older, divided by the working-age population (18 to 64 years). The vast majority of SCTP-eligible households are classified as "dependent" (under 18 or over 64 years), yielding a median dependency ratio of 2.5. A dependency ratio of 2.5 means that each person in the prime, or working-age group supports 2.5 children or elderly persons. In contrast, the IHS3 rural ultra-poor median household dependency ratio is 2. The higher dependency ratio of the SCTP-eligible households is not surprising, as one of the program's household eligibility criteria is labour constraint, which is precisely aimed at targeting such households.

It should be noted that the definition of 'labour-constrained' used by the programme includes both an age component – similar to that used when calculating the demographic dependency ratio– as well as the concept of 'fit to work'.

The additional fit to work criteria allows the program to consider members within the prime age range who are chronically ill or disabled as dependents, and so the program's calculation for the dependency ratio is consequently higher for some households than the demographic dependency ratio described above.


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Population pyramids further illustrate trends driving household dependency ratios. Figure 1 presents the population pyramids by age and sex for the SCTP-eligible and IHS3 rural ultra-poor household members. Starting at around age 25, there are significantly more SCTP-eligible females than males, a trend that increases among the elderly. Another important feature of the SCTP-eligible population pyramid is the low presence of prime-age adults. The sex imbalance and shortage of prime-age adults is more severe in SCTP-eligible households than the IHS3 comparison sample.

The population age structures, particularly for the SCTP-eligible households indicate a higher level of dependency, particularly as the population pyramid bows inward among persons in the economically active age range (18-64 years). Note also the rather low representation of pre-school aged children among the eligible households (only 11 per cent compared to 22 per cent among the rural ultra-poor in IHS3).

Figure 1. Population Pyramids

SCTP-Eligible Population by Age and Sex
(N = 16,078)

IHS3 Rural Ultra-Poor Sample by Age and Sex
(N = 12,750)
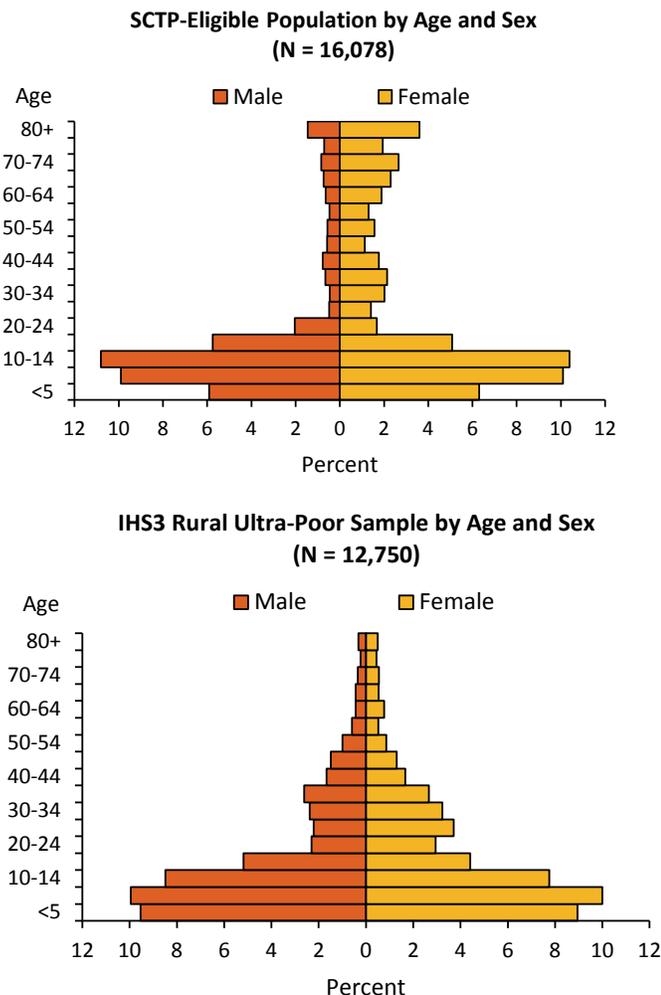
Characteristics of Household Heads

Table 2 presents information about key characteristics of household heads. The average age of the head of household for SCTP-eligible households is 58 years. The vast majority of SCTP household heads are female, at 84 per cent, which is 10 percentage points higher than in the IHS3 rural ultra-poor sample. Likely related to this gender difference, household heads in the SCTP are more likely to be widowed (43 per cent) compared to those in IHS3 (13 per cent). Additionally, their older relative age means that significantly more have serious physical health problems. Thirty-six per cent of household heads in SCTP have some difficulty in seeing, hearing, walking, remembering or communicating, versus only 11 per cent in the IHS3.

Perhaps the most stark and important difference between SCTP household heads and their counterparts in IHS3 is in education attainment. In the SCTP only three per cent of heads have completed primary school and 71 per cent have no schooling at all, compared to 18 per cent completing primary school among rural ultra-poor household heads from IHS3, and only 39 per cent not having any school at all.

Clearly, these figures paint a picture of severe vulnerability among SCTP households, with 'fit to work' adults being required to support more dependents, and dependent on household heads who are significantly older, in poorer health, and with virtually no schooling.

Table 2. Characteristics of Household Heads (per cent)		
	SCTP-Eligible	IHS3 Rural Ultra-Poor
Age (Mean, Standard Deviation)	58.0 (19.9)	43.3 (15.5)
Female	83.5	73.3
Marital Status		
Married/cohabitating	29.3	75.2
Divorced/Separated	24.8	12.6
Widowed	43.3	11.9
Disability Status[1]		
Some difficulty	35.8	11.0
A lot of difficulty	10.1	1.7
Cannot perform at all	1.2	0.3
Highest level education completed		
None	71.3	39.3
Some primary	25.7	42.6
Primary +	3.0	18.1
N	3,531	2,252

[1]Disability status refers to whether the household head has any difficulty in seeing, hearing, walking, remembering or communicating.

Poverty and Food Security

Measurement of Poverty

Household welfare was measured using self-reports of consumption, food security, and relative well-being. Total annual per capita consumption is used to generate poverty rates, and was measured using the full IHS3 consumption expenditure module[2] in order to offer 'apples to apples' comparisons of SCTP and rural, ultra-poor IHS3 households. Estimates of poverty use the national poverty and ultra-poverty lines provided by the National Statistics Office (NSO). The NSO's IHS3 uses the 2010 national poverty lines of MWK 37,002 (US $112)[3] for poverty figures, and MWK 22,956 (US $70) for ultra-poverty figures. These figures were calculated using the original lines from IHS2 and adjusting for inflation. These lines have been further adjusted to August 2013 (the time of the baseline survey) in order to derive poverty rates for SCTP households using established national norms. The August 2013 lines used to calculate poverty rates per person per year are MWK 54,392 (US $165) for the poverty line and MWK 33,746 (US $102) for the ultra-poverty line. Further details and exact inflation factors are presented in the Baseline Evaluation Report.

Results on Consumption and Poverty

Consumption among the SCTP-eligible households is much lower than rural IHS3 consumption (Table 3). The median annual per capita consumption of SCTP households is MWK 33,500 (US$0.28 per day). In comparison, the median annual consumption of rural households from the IHS3 is MWK 55,712 (US$0.46 per day). Consequently, food consumption per capita is also significantly lower at MWK 25,766 (US$0.21 per day) for SCTP-eligible households relative to the national rural sample, MWK 36,130 (US$0.30 per day).

Poverty rates for individuals are reported in Table 3, which shows that 85 per cent of SCTP individuals are poor and 60 per cent are ultra-poor. Individuals are poor if their household per capita consumption is lower than the poverty line and ultra-poor households are identified as those households whose total per capita consumption is lower than the food (ultra) poverty line. The poverty rates from the IHS3 rural comparison group are much lower –56 per cent are poor and 28 per cent are ultra-poor.

Not only are poverty rates greater among the SCTP-eligible households, but so are poverty gaps, which represent the average consumption shortfall relative to the poverty line. The average consumption of poor SCTP individuals is 49 per cent below the poverty line and 37 per cent below the ultra-poverty line, compared to an average gap of 21 per cent for the IHS3 rural poor and 3 per cent for IHS3 ultra-poor. The squared poverty gap (SPG) measures the severity of poverty by giving more weight to individuals further away from the line; it thus takes into account the distribution of consumption among the poor. The SPG is three times higher among SCTP-eligible households (29 per cent) compared to the rural IHS3 sample (10 per cent). Not only are SCTP beneficiaries significantly poorer than other rural residents, among those that are poor, SCTP beneficiaries are much worse off.

Table 3. Household Annual Per Capita Consumption (MWK) and Individual Poverty Rates (per cent)		
	SCTP	IHS3 Rural
Median consumption (MWK)	33,500	55,712
Median food consumption (MWK)	25,766	36,130
Poverty measures (individual level)		
Headcount	85.2	55.8
Poverty gap	49.4	20.9
Squared Poverty gap	29.1	10.3
Ultra-poor		
Headcount	60.4	27.5
Poverty gap	36.9	7.8
Squared Poverty gap	18.1	3.1

Note: Households in the top 1 per cent of SCTP total and food consumption and households with zero or improbably low food consumption were dropped (<2 per cent total dropped). All figures are reported in August 2013 prices.

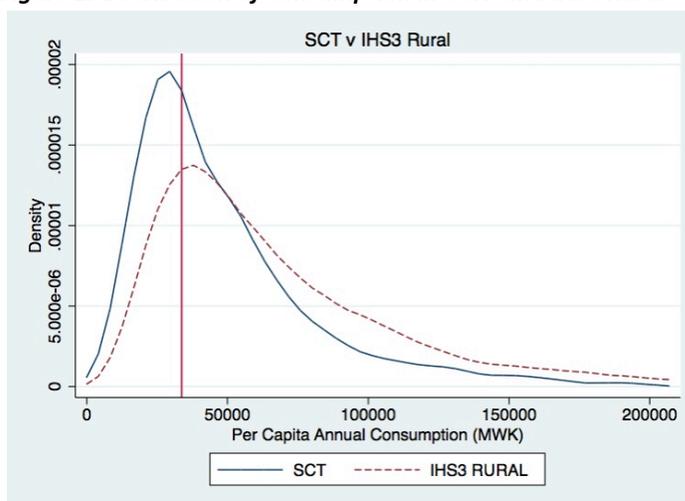*Figure 2. Distribution of Consumption in SCTP and IHS3 Rural*

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[2] The one exception is that durable goods were not included in the SCTP Evaluation survey and so in order to offer accurate comparisons, the IHS3 consumption aggregate we use does not include the use value of durable goods—hence the poverty rates we report here may differ slightly from those reported from IHS3.
[3] The exchange rate used for these calculations is 330 MWK = US $1 from August 2013.

Table 4. Food Security and Relative Welfare (per cent)		
	SCTP	IHS3 Rural Ultra-Poor
Worry that did not have enough food in past 7 days	83.0	48.0
Ate more than one meal	80.7	96.2
Meals per day (number of meals)	1.9	2.2
Relative economic position compared to neighbours		
Worse off	54.1	40.8
Same	43.5	51.4
Better off	2.5	7.7
Relative economic position compared to friends		
Worse off	50.0	43.5
Same	48.2	51.4
Better off	1.8	5.2

Food Security and Relative Welfare

To complement the consumption and poverty results and provide a more complete picture of SCTP households' welfare state, we also report on household food security and relative welfare. The average annual food share for SCTP households is 77 per cent of total annual consumption. Consequently, with such a high percentage of consumption devoted to food, many households are often food insecure. Table 4 shows that the vast majority (83 per cent) of SCTP households worried about not having enough to eat in the past 7 days compared to less than half (48 per cent) of ultra-poor rural households from the IHS3. While both typically eat around 2 meals a day, SCTP-eligible households are less likely to eat more than one meal per day compared to ultra-poor rural households from the IHS3.

In addition to the prevalence of food insecurity among SCTP-eligible households, perceptions of low economic status within their communities are common. Most SCTP households perceive themselves as worse off than their neighbours (54 per cent) and friends (50 per cent), both higher rates than from the comparison IHS3 sample (Table 4). Many SCTP households perceive themselves to be of equal economic status to their friends, and slightly fewer consider their neighbours to be in the same financial position. A very small percentage thinks of themselves as better off than either their friends or neighbours. For 'same as' and 'better off than' friends and neighbours, IHS3 households consistently respond more positively than SCTP households.

Conclusions

The picture portrayed by these data is that SCTP-eligible households are both ultra-poor and extremely vulnerable. Not only is overall consumption-based poverty high among eligible households, but the ultra-poverty gap and squared gap are five times higher than those among a comparable sample of IHS3 households. The vulnerability of these households is manifested in several ways. First, SCTP-eligible households have higher dependency ratios and fewer prime-age members to provide economic support to the household. Second, SCTP households rely on heads who are older, in much poorer health and have virtually no schooling. Lastly, a significant portion of the children in these households are either fostered or orphaned, and so live without a biological parent, leaving them particularly vulnerable. An important implication of the SCTP targeting criteria is that eligible households have very few children age five and under, and so the programme as it is currently designed is not an appropriate intervention to address this age group.

For additional briefs on Malawi's SCTP Evaluation, visit www.cpc.unc.edu/projects/transfer/countries/malawi.

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