



Malawi's Social Cash Transfer Programme: A Comprehensive Summary of Impacts

The Malawi Cash Transfer Evaluation Team

This brief provides a comprehensive summary of the main impacts and related policy implications generated by Malawi's Social Cash Transfer Programme between 2013 and 2015, including positive impacts on poverty, income multipliers, food security, productivity, education and health.

THE SOCIAL CASH TRANSFER PROGRAMME

The Malawi Social Cash Transfer (SCTP; Mtukula Pakhomo) is an unconditional transfer targeted to ultra-poor, labour-constrained households. The main objectives of the SCTP are to reduce poverty and hunger, and to increase school enrolment. The programme began as a pilot in 2006 in Mchinji District and was subsequently expanded to an additional six districts in 2007. By September 2017, the programme was reaching over 777,000 beneficiaries in more than 174,500 households across 18 districts of the country, including approximately 430,000 child members. The programme is expanding and will be operational in all 28 districts by 2018.

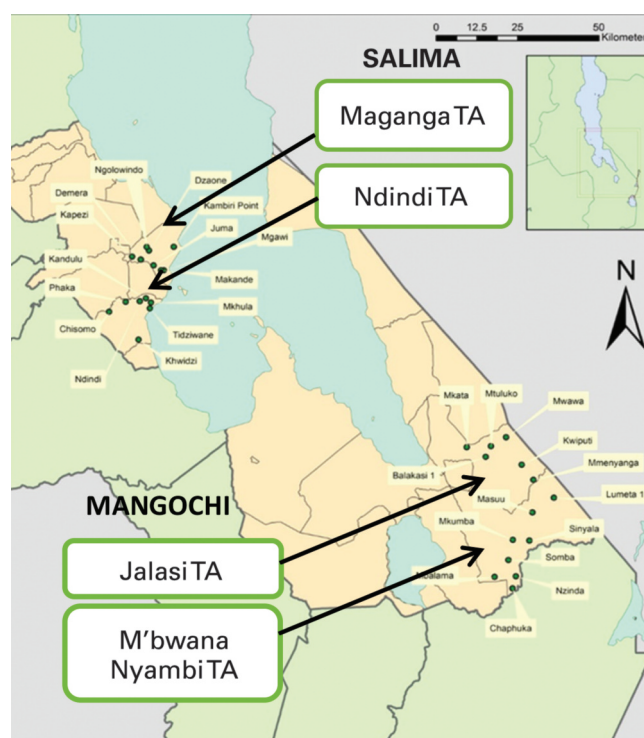
Transfer amounts for the SCTP vary by household size and by number of school-age children present in the household. In 2015, when the evaluation was finalized, the transfer amounts were Malawian Kwacha (MWK) 1,700, 2,200, 2,900 and 3,700 for households of size 1 to 4 or more, respectively. A bonus to incentivize school enrolment is provided to each primary school age child (MWK 500) and secondary school age child (MWK 1,000) per month. The transfer amounts represented approximately 23% of pre-programme household consumption. Payments are made manually on a bi-monthly basis, with the exception of Balaka district, where they are made monthly through a bank.

THE EVALUATION

The Government of Malawi, in collaboration with development partners, commissioned a randomized controlled impact evaluation to accompany the expansion of the programme in 2012-13. The purpose of the evaluation was to generate evidence about the effects of the programme and to inform its scale-up. The evaluation provided both an opportunity

for the government to learn about its programme and to provide accountability for the use of public funds. The impact evaluation was designed and conducted by the University of North Carolina at Chapel Hill (UNC) and the Centre for Social Research (CSR) at the University of Malawi. The quantitative component included 3,531 households from two districts (Salima and Mangochi, Figure 1) with randomized treatment and control groups, a baseline measurement (2013), and repeated post-intervention measures at approximately 17 months (2014) and 30 months (2015) after the start of programme implementation. Given the use of randomization and the existence of a baseline, differences between the treatment and control groups at endline can be attributed to the SCTP rather than to other differences between the two groups or to general changes in the country. In addition, a longitudinal imbedded qualitative study followed households and adolescents over time to understand dynamics associated with programme experiences.

Figure 1 – Evaluation Study Site (two districts and four traditional authorities - TAs)



Data sources: Global Administrative Areas Database (GADM), Global Lakes and Wetlands Database (GLWD), Sudhanshu Handa

SUMMARIZING THE EVIDENCE

- **Key Finding 1:** For every Kwacha transferred, beneficiary households generate an additional 0.69 Kwacha through productive activity

The SCTP has generated a wide range of household impacts across most social and economic domains. The majority of these impacts are measured in monetary terms (consumption, savings, and debt repayment, for example).

Some observed impacts are measured in physical units such as the number of goats and chickens, which can then be monetized using local prices. Other observed impacts are measured in physical units such as the number of goats and chickens, which can then be monetized using local prices. The results of this exercise are shown in Table 1, which provides an estimate of the increase in spending in each area as a result of the SCTP (all figures are in annual August 2013 MWK). The programme has resulted in an increase in spending per household worth MWK 44,283 while the average annual transfer receipt is MWK 26,169. This implies a multiplier effect of 1.69 shown at the bottom of the table. In other words, beneficiaries have managed to translate each Kwacha received into an additional 0.69 Kwacha of benefits. This multiplier is generated through increased incomes and demonstrates that beneficiaries are able to ‘make cash work’ to generate multipliers. These results respond directly to arguments that such programmes foster dependency, or that cash transfers are not used wisely by the poor and thus must include ‘conditions’. On the contrary, the results of the SCTP show that unconditional cash transfer programmes to the ultra-poor can protect consumption and generate additional economic activity.

Table 1 – Multiplier Effect of the Malawi Social Cash Transfer Programme

	Estimated impact (Annual MWK)
Consumption	41,520
Debt reduction	916
Agricultural Assets	124
Non-Agricultural Assets	163
Agricultural Inputs	1,179
Savings	381
Total impact (A)	44,283
Average Transfer Received (B)	26,169
Multiplier (A/B)	1.69

“Eh! It has changed, it is not like I sit down and feel sorry for myself anymore, I actually thank God for looking down on me. I have been able to start a business . . . and sometimes when people come, they actually say “eh this household looks good, to say that there isn’t a man, one can’t believe” because of the way, it is being taken care of. . . They also say, the place looks even better than their homes.”

- Female beneficiary
(previously abandoned by her husband)

- **Key Finding 2:** The Social Cash Transfer Programme reduces the depth of poverty

After three years, the programme had a strong impact on all four indicators of household poverty:

- 1) poverty headcount;
- 2) ultra-poverty headcount;
- 3) the poverty gap; and
- 4) the ultra-poverty gap.

For example, recipient households – and therefore, individuals in these households – are 15 percentage points (pp) less likely to be living below the ultra-poverty line. In addition, the SCTP reduced the severity of poverty as measured by the poverty gap (or the difference between a household’s consumption and the poverty line as a percentage of the line itself).

The programme reduced the ultra-poor poverty gap by 13 pps indicating the programme is reaching the very poorest. Figure 2 (page 3) shows the difference in the ultra-poverty headcount and ultra-poverty gap between the treatment and control groups over the three years of programme implementation, where lower numbers indicate less poverty, and thus represent beneficial impacts of the programme.

- **Key Finding 3:** The Social Cash Transfer Programme helps households become more food secure

One of the goals of the SCTP is to improve the food security of beneficiary households and specifically increase the percentage of households eating two or more meals per day.

The programme had large impacts on consumption expenditures (10,380 MWK per capita, Figure 3 [page 3] left panel), with most of the impact going towards increased food consumption (7,920 MWK per capita), representing 76 per cent of the total consumption impact of the programme. Moreover, the SCTP increased the percentage of households eating two or more meals per day with the large majority of beneficiaries eating at least two meals a day (94 per cent,

Figure 2 – Differences in poverty rates between Social Cash Transfer Programme households and control group over time

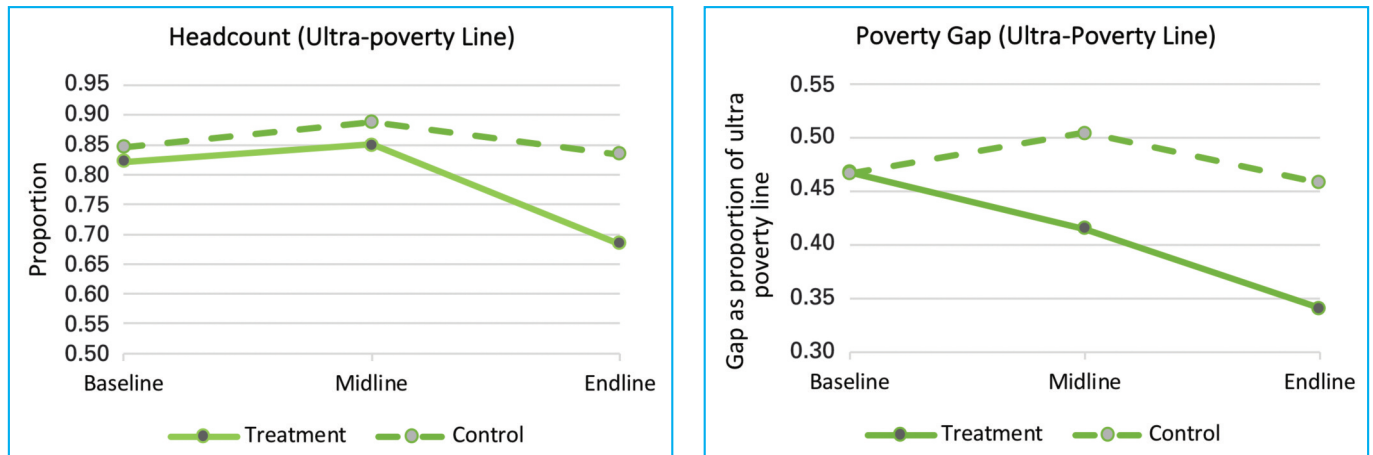


Figure 3 – Differences in consumption between Social Cash Transfer Programme households and control group over time

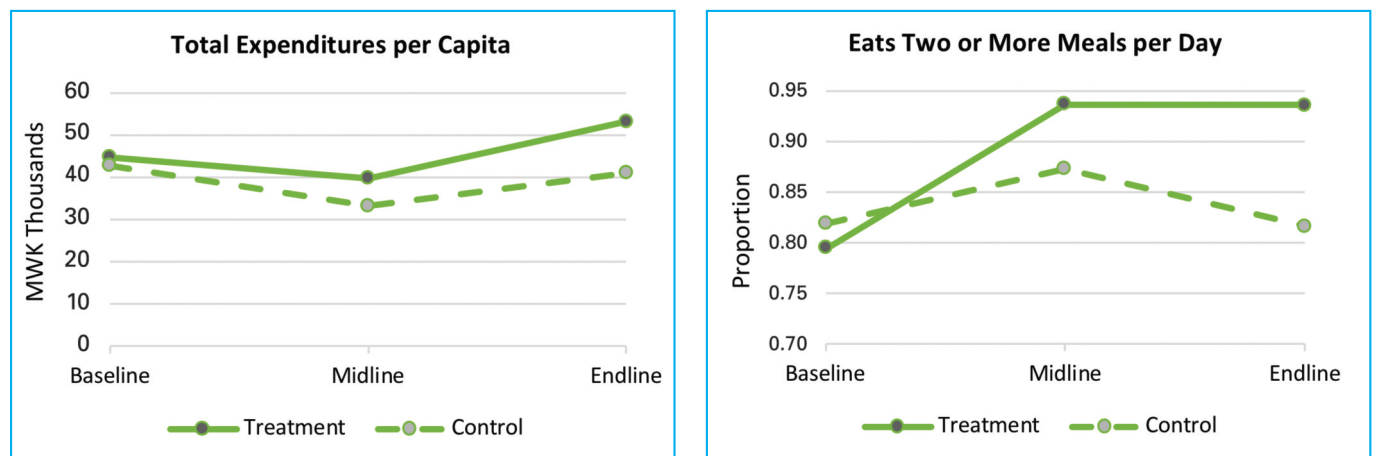


Figure 3, right panel) by endline. In addition, beneficiary households are significantly less likely to worry about having enough food over the past 7 days, compared to the control group.

Key Finding 4: The Social Cash Transfer Programme increases productivity and asset ownership

The SCTP also generates important impacts on productive investment and activity of beneficiary households. The SCTP enables recipient households to increase ownership of assets, including livestock and household items. After three years, the SCTP increased both the share of households with livestock and the total number of animals owned. For example, the number of recipient households that owned chickens increased by 15 pps and for goats, it increased by 16 pps. Additionally, households receiving the transfer are more likely to own an axe (7 pps), a hand hoe (6 pps), or a panga knife (6 pps).

The primary source of livelihood for SCTP households is crop production, and one of the objectives of the evaluation was to assess changes in productive activity

attributable to the programme. The SCTP has led to a significant impact on the quantity of crops produced (in kg) and the value of crops (MWK), especially for the five staple crops of maize, groundnuts, rice, pigeon peas, and *nkhwani* (pumpkin leaf). There is a 62 kg impact on the total quantity of crop harvest and a 60 kg impact on the quantity of harvest for the five staples.

Key Finding 5: The Social Cash Transfer Programme increases the likelihood that children are enrolled in school and have all their material needs met

One of the main objectives of the SCTP is to increase school attendance for children. The programme led to increases in overall and regular school attendance for children aged 6-17 (regular attendance is defined as school attendance without withdrawal from school for two consecutive weeks or more over the past 12 months). At endline, children in the treatment group were 9 pps more likely to attend school than children in the control group, and about 13 pps more likely to attend school without

interruptions. The SCTP has also had a strong impact on ensuring a child has all three of their material needs met (2 sets of clothing, shoes, and a blanket), with an impact of 31 pps at endline. This change is driven by shoes (increase of 32 pps) and blankets (increase of 29 pps) whereas there is no impact of the SCTP on extra clothing.

■ **Key Finding 6: The Social Cash Transfer Programme improves adult health and increases use of health services**

The SCTP reduced the occurrence of any illness or injury for adults during the past two weeks by 6 pps. In addition, the programme increased the probability of seeking treatment at a public or private health facility among those individuals with an illness or injury by 12 pps. Adult caregivers in beneficiary households had improved outlook of their future wellbeing: caregivers in treatment households were 18 pps more likely to report they think life will be better in one year compared to those in control households. This effect is likely due to the predictability of the cash transfer over several years, which allows beneficiaries to change their expectations about their life situation and future. Additionally, the programme significantly reduced the average stress score of beneficiaries from 15 to 13 out of a possible 20 points. While caregivers in treatment households are feeling less stressed since receiving the cash transfer, the overall high scores indicate that the target population is living in a stressful state.

■ **Key Finding 7: Comprehensive measures are needed to improve programme impact on young child nutritional outcomes**

Despite significant improvements in food security and overall consumption, no statistically significant impacts were registered on the nutritional status of children age 0-59 months in terms of height or weight. The overall SCTP impact for the percentage of children that are fed solid foods at least three times per day was only slightly positive and no impacts on children who had consumed vitamin A-rich foods in the past day was observed. Nevertheless, a significant positive effect was found for wasting in children aged 6-59 months: children in SCTP households were 3 pp less likely to be wasted. There are two possible explanations for this. First, the determinants of child nutritional status are quite complex, and include factors that depend on household knowledge and caring practices such as diet quality, meal frequency, sanitation, and the disease environment.¹ Second, SCTP targeting criteria leads to a unique profile of beneficiaries, particularly households with elderly caring for orphans. Thus, there are few households with pre-school children, a group that is typically one of the most vulnerable in society and where there is high potential to effect changes in nutritional status.

POLICY IMPLICATIONS AND RECOMMENDATIONS

The key impacts (summarized in Table 2, page 5) indicate broad and robust achievement of the programme in improving the wellbeing of the poorest and most vulnerable segment of the population. Taken together these results lead to several lessons for national programme design and policy. In particular, they highlight the need to:

1. Continue investing in the Social Cash Transfer Programme, as it is a key programme that effectively contributes to broad impacts, including reducing poverty, improving human capital and strengthening household resilience²

The SCTP is featured as a flagship of the Malawi National Social Support Programme (MNSSP) II that will run from 2018 to 2022 and builds on the successes and lessons learned during the implementation of the MNSSP I, including the SCTP. The SCTP contributes to pillar 1 of the MNSSP II by providing regular monthly cash transfers to ultra-poor and labour-constrained households to enable them to increase household expenditure. Efforts need to keep being made to improve its effective implementation and ensure the programme provides regular and reliable support. While the SCTP is expected to reach national coverage in 2018 thanks to additional external funding provided by the World Bank and Irish Aid, it is crucial for the Government to also increase its funding. The nearly 240% budget increase for the fiscal year 2017-2018, with a budget going from MKW 650 million to MKW 1.55 billion, is a very positive development.

2. Increasing regular transfer sizes and considering seasonality are crucial for reducing vulnerabilities and addressing seasonal needs of SCTP beneficiaries resulting from high inflation rates and adverse weather conditions such as droughts, floods and high food prices

There is currently no system in place to ensure that the real value of the SCTP transfer is adequate, taking into account in a systematic way seasonality and inflation. As of September 2017, the transfer is MWK 2,600, 3,300, 4,400 and 5,600 for households of size 1 to 4 or more respectively, with a bonus to incentivize school enrolment is provided to each primary-school age child (MWK 800) and secondary-school age child (MWK 1,500) per month. While this represents an increase from the evaluation period, these increases are not automatic and maintaining the real value of the transfer is essential in delivering impacts. In addition, recent examination of shock-sensitive social protection in Malawi finds that “the value of social

continues on page 6

1. de Groot R, Palermo T, Handa S, Ragno L, and Peterman, A (2017). Cash transfers and child nutrition: Pathways and Impacts. *Development Policy Review* 35(5): 599-720
 2. Malawi Cash Transfer Evaluation Team. 2018. Malawi’s Social Cash Transfer Programme Increases Household Resiliency. *Innocenti Research Brief* 2018-02.

Table 2 – Overall Impacts of the Malawi Social Cash Transfer Programme

	All households at baseline (2013)	SCTP households (2015)	Control households (2015)	SCTP Impact (2015, endline)
Poverty				
Proportion of households living below the poverty line (headcount poverty)	96%	92%	96%	4 pps
Poverty gap ratio (distance to poverty line expressed as % of poverty line)	61%	50%	61%	11 pps
Proportion of households living below the ultra-poverty line (headcount poverty)	83%	68%	83%	15 pps
Ultra-poverty gap ratio (distance to ultra-poverty line expressed as % of same)	47%	34%	46%	13 pps
Food Security and Consumption				
Per capita expenditures (MWK)	44,000	54,000	41,000	10,380
Per capita expenditures on food consumption (MWK)	34,000	41,000	31,000	7,920
Proportion of households who eat more than one meal per day	81%	94%	82%	14 pps
Proportion of households who are worried about having enough food	83%	70%	90%	20 pps
Production and Economic Activity				
Household livestock ownership index	-0.25	0.57	-0.13	0.55
Proportion of households owning chickens	19%	41%	19%	15 pps
Proportion of households owning goats	10%	32%	15%	16 pps
Proportion of households owning agricultural assets	88%	96%	89%	7 pps
Proportion of households owning a hoe	87%	96%	87%	6 pps
Proportion of households owning an axe	13%	25%	14%	7 pps
Crop production (total quantity of harvest in kg)	173.56	272.44	193.56	62.42
Child Schooling and Material Needs				
Proportion of 6-17-year-old boys and girls attending school	70%	90%	83%	9 pps
Proportion of 6-17-year-old boys and girls regularly attending school	60%	86%	74%	13 pps
Proportion of 5-19-year-old children whose basic material needs are met (i.e. a second set of clothes, a blanket, and shoes)	12%	50%	20%	31 pps
Proportion of 5-19 year-old children old who have shoes	19%	64%	32%	32 pps
Adult Health and Wellbeing				
Stress scale (lowest stress=4, highest stress=20, scale units)	14.9	12.9	14.4	-1.6
Proportion of caregivers who think their life will be better in a year	53%	73%	50%	18 pps
Proportion of adults who sought curative care for an illness or injury in past 2 weeks	55%	56%	56%	12 pps
Proportion of adults with illness or injury in past 2 weeks	29%	26%	28%	6 pps
Child Nutrition (6 – 59 months)				
Underweight (<2 standard deviations below the median reference population weight-for-age)	17%	17%	18%	No impact
Wasted (<2 standard deviations below the median reference population weight-for-height)	4%	3%	5%	3 pps
Stunted (<2 standard deviations below the median reference population height-for-age)	45%	46%	41%	No impact

Notes: Based on Table 1 of the full Impact Evaluation Report; Endline impacts represent significant impacts, unless otherwise stated. pp = percentage point.

“The school uniform, I was buying it using money from the ganyu (piece labour) but now the household has a source of income, Mtukula Pakhomo. Money from this programme was used to buy a new uniform. I do not lack food that much nowadays because the money from Mtukula Pakhomo is there to use to support us. Life has changed. It has helped in school, I have food, have bought a change of clothes. In the past I had only one set of clothes that when I come from school I could wash it at night and wear it the next day. (Now) the uniform is in good condition and not torn up.”

- Male youth in beneficiary household
(on recently transitioning to secondary school)

5. Improve impact of the programme on child and adolescent nutrition

Enhancing the effect of the programme on young children’s nutritional outcomes will require explicit targeting of additional support to SCTP households with pre-school children and adolescent girls (e.g. increased transfers, additional health systems linkages or services). Provision of this additional support will encourage investment in young child wellbeing,

while at the same time, helping to address long-term intergenerational transmission of poverty.

protection transfers to household income and consumption fluctuates across the seasons, and, without additional support, households continue to face severe food and nutrition insecurity in the lean season.”³ While the SCT is currently not expected to cover full household consumption, the limited value of the transfer should be considered, particularly in relation to predictable seasonality.

3. Consider alternative options to the flat 10% cap across districts

The SCTP currently targets 10% of ultra-poor labour constrained households in all districts. With widespread poverty, but varying levels across districts in Malawi, removing the 10% cap per district for targeting the SCTP should contribute to more effective support. As foreshadowed in the MNSSP II, the SCTP should be extended to target based on need, according to district poverty profiles.

4. Invest beyond cash to enable SCTP beneficiaries to access essential services such as health, education and livelihoods opportunities, including through building on the existing SCTP linkages and referral systems

The SCTP impact evaluation has contributed to the body of evidence that cash transfers can have positive impacts on poverty and wellbeing of beneficiaries. At the same time, it is becoming clear that cash alone is not enough to achieve long-term impact in areas such as nutrition, morbidity and learning outcomes for children.⁴ It is therefore crucial to provide beneficiaries with additional support beyond cash through facilitating access of beneficiaries to essential services, thus helping them to make the most of their cash transfer.

This brief represents the work of the Malawi Cash Transfer Evaluation Team, which include individuals from the University of North Carolina, Centre for Social Research (University of Malawi) and the UNICEF Office of Research - Innocenti, as well as UNICEF Malawi. Appreciation goes to the Government of Malawi, European Union, the German Government through KfW, Irish Aid, FAO, the International Initiative for Impact Evaluation (3ie) and UNICEF Malawi for their financial contributions and stakeholder support for the study.

For the full research team, further discussion of results and other details, please see: University of North Carolina (UNC) (2016). Malawi Social Cash Transfer Programme Endline Impact Evaluation Report. Chapel Hill, NC:
https://transfer.cpc.unc.edu/wp-content/uploads/2015/09/Malawi-SCTP-Endline-Report_Final.pdf

The Transfer Project is a multi-organizational initiative of UNICEF, the Food and Agriculture Organization of the United Nations (FAO), Save the Children UK and the University of North Carolina at Chapel Hill in collaboration with national governments, and other national and international researchers.

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- Roelen K, Devereux S, Abdul-Gafaru A, Martorano B, Palermo T and Ragno, L. 2017. How to make ‘Cash Plus’ Work: Linking Cash Transfers to Services and Sectors. UNICEF Innocenti Working Paper 2017-10: <https://www.unicef-irc.org/publications/915/>

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