



Overseas Development Institute

Humanitarian Policy Group

Independent Evaluation of Oxfam GB Malawi's Cash-Transfer Programme

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Executive Summary

Poor rainfall in Malawi in the 2004/2005 growing season resulted in significantly reduced cereal and non-cereal food production in the country. Several agencies and institutions, including the government of Malawi and FEWSNET, warned that there would be significant shortfalls affecting many people's food security. The Malawi Vulnerability Assessment Committee (MVAC) studied the levels of vulnerability in the country to predict how many, and to what extent, people would be affected, and produced a report in June 2005 stating that well over four million people would be in need of assistance. In response, Oxfam planned a programme in southern Malawi, which included a 'pilot' cash-transfer project in Traditional Authority (TA) Kapichi, Thyolo District. The project was to support 4,000 households with monthly cash transfers to provide for their immediate food needs from November to March. After the first two months, coverage was increased to a total of 6,000 households.

Oxfam distributed the cash each month itself, using the existing country-programme finance staff, and modelled the system on that used by the government for the payment of its rural workers. Several distribution sites throughout the TA were established, and arranged in such a way that no one had to walk for more than half an hour to reach the site. Oxfam drew upon the Malawi police force to accompany the distributions, and provide a minimal presence at them.

The project was well implemented in terms of delivering the cash transfers to those who were targeted to receive them. Prior experience of working in the area and the involvement of finance staff from the start of the project resulted in a very smooth and effective operation.

There were, however, concerns about the targeting methodology. Within villages, Oxfam used a community-based approach to identify individual beneficiary households, which proved to be quite successful and appreciated. Oxfam did not do its own detailed needs

assessment instead relying on the reporting of the MVAC, and targeted the project evenly across the TA according to population. But allocating beneficiary numbers between village groups proved extremely difficult due to a lack of accurate population data and resulted in quite striking differences in coverage from village to village. According to Oxfam's estimates, in some villages 29% of people received cash transfers and in other villages up to 95% of the village received cash transfers. This should clearly be a cause for concern and there is a need therefore for Oxfam to review how it approached targeting in this case. However, these targeting concerns do not seem to have been particularly related to the use of cash.

While the plan for the monitoring and evaluation system was thorough and fairly well designed, its implementation was less successful, probably because it was too ambitious in trying to capture quantitative data. As a result, much of the analysis from it came too late to influence the project.

The biggest challenge to the project was the increasing price of locally purchased maize and the amount of private and subsidised maize available for purchase by the beneficiaries. Neither was adequately monitored. As a result, the amount of food actually accessed by beneficiaries during the project was unknown. The price of maize in local markets rose far above the planned-for price, but the project lacked precise data to see what specific effect this was having on beneficiaries' access to food. The project also lacked a coherent contingency plan to make adjustments for such an event, such as increasing the size of the transfers or moving to food aid. However, Oxfam's long experience in the area and the capability of its senior staff meant that they were well attuned to the situation in TA Kapichi and would have taken corrective action had the food security situation become significantly more acute.

The Oxfam cash-transfer project can be seen as an effective intervention to protect the livelihoods and thus the future food security of communities in TA Kapichi. But whether

or not an acute humanitarian crisis would have occurred in the absence of the project is unclear. Households in TA Kapichi were clearly facing a very difficult period, and the cash transfers helped them to avoid negative coping strategies and maintain healthcare and school attendance. Beneficiaries of the project were, for the most part, pleased with the choice of cash instead of food aid. The bulk of the cash was spent on purchasing maize, but the money also allowed people to access a variety of other foodstuffs, such as sugar and vegetables, and purchase other important items such as soap, healthcare and hired labour. Markets were, in some places, up to four or five hours' walk away, and this was mentioned as a disadvantage in comparison to food aid, but not enough of one to change most people's preference for cash. However, the targeting of the project and the uniform size of the transfer meant that there were notable differences in impact between different vulnerable households. At one extreme, there were examples of small vulnerable households, such as one headed by an elderly woman with an orphan, receiving enough cash to enable them to buy sufficient food locally and still hire labour to work the woman's crop. At the other extreme, there were examples of households of eight people who had to spend all of the cash transfer on food and invest significant effort in attempting to access the subsidised and rationed ADMARC maize only available at the distant depot.

The cash-transfer project had a positive short-term impact on food security thus protecting people's livelihoods. Although Oxfam had been working in Thyolo for a long time prior to the crisis and will be doing longer term development programming in the future, opportunities were missed to link this programming to the cash transfer project that might have enhanced the impact on longer term food security and strengthening livelihoods. Long-term cash transfers as part of a social protection strategy could help to alleviate chronic poverty and increase the resilience of households to deal with periodic shocks, but the small size and scope of this emergency project provided limited learning in this regard. Of note though is that the experience provided further evidence that recipients of cash transfers spend money wisely, and that the flexibility of cash means that transfers can have results that complement other social assistance programmes.

Based on its short-term success, the project demonstrates that cash-based responses should remain an option in future emergency responses in Malawi. One lesson from this project must be that appropriateness cannot be assumed. Ideally, cash-based responses should be part of a range of complementary interventions, and the decision to use them should be based upon detailed and specific needs assessments and cost-effectiveness considerations, with careful thought given to contingency measures in case of market failures and rising prices.

1. Introduction

1.1. Background and Motivation

In February 2005, food security reports from FEWSNET, the Malawi Vulnerability Assessment Committee (MVAC) and the Regional Inter-agency Co-ordination Support Office (RIACSO) indicated another acute food crisis in Southern Africa due to rainfall failure during the 2005 growing season. Crop failure was forecast in areas of Malawi, Mozambique, Zambia and Zimbabwe.

Oxfam GB planned a humanitarian response within countries in which it had existing operations. Oxfam aimed to ensure that its responses would take into account lessons learned from the food crisis of 2001–2003. In Malawi, a small unconditional cash transfer project was designed and implemented in Thyolo district as part of a wide and varied response programme. In Zambia, a larger unconditional cash transfer programme was designed and implemented as Oxfam's sole response to the crisis.

The programmes were planned to finish at the end of March 2006, when crop harvests were expected. In connection with current thinking around social transfers, Oxfam is considering the possibility that these emergency cash programmes could transition into longer-term programmes to help address chronic food insecurity.

An end of project evaluation was planned for, covering both Malawi and Zambia, the findings of which are intended to guide extended programming in the two countries and to inform future emergency responses there or elsewhere by contributing to the emerging experience of the implementation of cash transfer responses. The evaluation was undertaken by the Overseas Development Institute's Humanitarian Practice Group, in two separate missions to Malawi and Zambia, which produced two independent reports that were used to make a combined analysis.

This document is the report on the Malawi evaluation undertaken during April, immediately following the end of the Malawi project.

1.2. Purpose of Evaluation

The purpose of the overall evaluation, as stated in the terms of reference, was to assess the effectiveness of unconditional cash transfers as an instrument to address acute food insecurity in Southern Africa in order to improve future response strategies and programming in the region.

The large-scale use of cash as an emergency response to food crises is relatively new for international relief and development organisations, such as Oxfam. There is growing recognition that such cash-based responses may have advantages in certain circumstances over other, more traditional, responses, but agencies are still developing the experience and understanding necessary to determine when such circumstances exist, and how best to implement this type of response. The pilot project in Malawi has taken place alongside much larger-scale food aid responses; in addition to learning directly from the experience of the pilot, it was hoped that useful comparisons could be made with food aid programming, as it would be running concurrently with, and in a very similar context to, the project. The project itself is considered a pilot for future projects. The motivation for the evaluation is the need to understand the path the pilot took, in order to decide whether it was the right path to take, whether and how it could be improved in future responses, and whether it provides learning for cash-based social safety nets in more stable periods.

1.3. Outputs of the Evaluation

1. A mid-evaluation workshop to discuss and review initial findings with the programme implementation team.

2. This report, providing:
 - Assessment and analysis of the effectiveness of the project.
 - Recommendations for improvement to be used in future responses.
 - Recommendations with respect to the design of longer-term social transfer programmes in the same geographic areas.

3. Contribution to an analysis combining the results of both this evaluation and the evaluation of the Oxfam Zambia programme.

1.4. Intended Audience

The outputs of the evaluation are intended to be used by:

- Oxfam GB and other agencies' programming staff, in designing and planning further food security assistance programmes in the two countries by capturing specific knowledge and learning of the role of cash and relief in the food security of communities in Malawi and Zambia.
- Oxfam GB and other agencies' policy and programming advisers, by contributing to a body of experience that will lead to better understanding of the usefulness of cash transfers as an instrument to address acute-food insecurity.

1.5. Methodological Approach

The evaluation was intended to draw upon the monitoring work carried out by Oxfam during the life of the project to provide quantitative information about the beneficiaries and the transfers. The project used a post-distribution monitoring system that collected quantitative data after each distribution through a questionnaire, and qualitative data through observation and ad hoc discussions with beneficiaries at distributions. The surveys covered beneficiaries from all distribution sites once, and one site twice, to yield a significant amount of information on people's food security and spending. This was

used to analyse the project's effectiveness. Data from a variety of primary and secondary sources were used to attempt to verify food prices during the project.

The rest of the evaluation took a more qualitative approach, chiefly through interviewing Oxfam staff implementing the programme, discussions with other aid actors (donors, other NGOs, WFP) and with government officials at local level, and interviews with beneficiaries, non-beneficiaries and key informants (traders, teachers, health workers, local chiefs), within the communities. Eighteen focus groups were held in six beneficiary villages, with approximately 150 members of village relief and development committees, male beneficiaries and female beneficiaries. After the focus groups, three to six detailed household interviews were held in each village to get a deeper understanding of how people and households made decisions about purchases, food consumption, resource allocation and assets. Three discussion groups and four detailed interviews with beneficiaries were carried out in two villages that received food aid, to allow some limited comparison with the cash transfers and help identify areas to investigate further with beneficiaries.

1.6. Constraints

- Limitations to the budget, dictating the total time available for the evaluation, were a significant constraint on the amount of data collection and analysis that could be carried out. The evaluation examined in detail only the cash project, making comparisons with food aid difficult.
- The evaluation was perhaps carried out too early: the Oxfam team had not finished preparing the documentation and reporting for the project at the start of the evaluation. However, monitoring staff finished their contracts early in the evaluation period, and a senior programme officer responsible for the project was preparing for a new job during the evaluation, so a later start might have been just as problematic.

- The evaluation was designed to draw heavily on Oxfam's own monitoring to provide detailed quantitative data on the effect and impact of the project with respect to its objectives and goal. However, the methodology of the sampling restricted its usefulness, and the necessary detailed baseline data for comparison were not available.

2. Context

Lack of rain during the critical period of January and February led to a very poor harvest in 2005 for most of Malawi, particularly the south. This affected not only the main staple crop, maize, but other crops such as sweet potatoes and cassava. It was estimated that the national maize harvest was some 26% lower than the relatively poor harvest of the year before, while the roots and tubers harvest was 9% lower. By April, it was clear that there would be significant food insecurity throughout the country, and agencies and governments began to draw up response plans.

A very significant actor in this planning was the Malawi Vulnerability Assessment Committee (MVAC), a consortium of organisations including the government, the UN and NGOs, chaired by the Ministry of Economic Planning and Development. MVAC conducted a survey in April to produce a food security report in July that described likely scenarios for the coming year, quantifying the numbers of affected people and the scale of their missing food entitlements. The report predicted that at least 4.2 million people would be affected between April and the following year's harvest in March 2006. Most lived in the south of the country.

The MVAC also analysed the livelihoods of people throughout Malawi, providing an understanding of how poor, middle-income and better-off households secure their food entitlements (see Appendix). Poorer households in Malawi only produce enough food of their own to last for three or four months of the year. Their main source of income is casual work, either paid directly in food or in cash. Much of this casual work is known as *ganyu*, working better-off people's land. This important source of income will often be in short supply when harvests are poor, as in 2005.

Thyolo district in southern Malawi lies within what is known by the MVAC as the Thyolo-Mulange Tea Estate livelihood zone. The MVAC estimates that, over a normal year, poor households in the livelihood zone typically purchase around 40% of their

minimum food requirements, gain 11% of it through *ganyu*, and grow about 47% themselves, leaving about a 2% deficit. The MVAC estimates that middle-income households purchase about the same amount of their food requirement as poor households, but depend less on *ganyu* and grow sufficient amounts of their own food, so that they typically are able to access slightly more than their minimum requirement.

For both poor and middle-income households, the MVAC estimates that close to 40% of cash income is obtained through selling what they have grown (maize, cassava, bananas, other fruits and vegetables), just over 40% is obtained through *ganyu*, and just under 20% is obtained through other employment and trade, such as working on the tea estates.

The June 2005 MVAC predicted that production of maize was 35–45% of what is normally produced, and other crops were affected too. It developed two scenarios, the worst of which was based on significant price increases in the maize market. Based on this scenario, it predicted that, over the entire year (harvest to harvest), 390,300 people in Thyolo district in poor and middle-income households would face a deficit of 20–35% of their food entitlements.

3. Project Description

The cash transfer project in Malawi was a small part of Oxfam's large regional response to the food crisis in Southern Africa in 2005. Within Malawi, reports from the government, the WFP/FAO Crop and Food Supply Assessment Mission (CFSAM), the Malawi Vulnerability Assessment Committee (MVAC) and Oxfam's own observations indicated that there would be acute food insecurity. Oxfam's subsequent humanitarian response programme in Malawi consisted of many projects in the eight districts of the south in which the agency was already operational. These included agriculture inputs; irrigation systems; water, sanitation and hygiene projects; home-based care support projects for the chronically ill; food aid distribution; and the cash transfer project.

Developing the programme plan took several months, and involved Oxfam Malawi, the Oxfam regional office in Pretoria and other Oxfam offices. The concept note included, at the suggestion of the Oxfam regional office, a small cash project within the programme. The final proposal, which became the accepted plan, included a project in Thyolo district that would give cash transfers to 4,000 beneficiaries for five months. As the decision had already been made to deliver food aid in Mulange district, Oxfam had chosen Thyolo district for the project, due to its ongoing operations there and its access to food supplies from Mozambique.

Finding an appropriate place(s) to implement the project within Thyolo district required discussion with district officials and other agencies, and an assessment of the markets to determine the project's appropriateness. Oxfam informed the District Executive Committee that it could do a cash-based response in the district. As the needs in the district far exceeded the assistance being offered, the committee was grateful for the offer and agreed to it. Initially, the government wanted Oxfam to implement the project throughout the five Traditional Authorities (TAs) in which Oxfam was already working, but it was eventually agreed that concentrating the Oxfam project in a smaller area would be acceptable. The feeling of Oxfam and the committee was that the project should be implemented in isolation from other food-based responses. This was easily accomplished

by having Oxfam implement its project in a single traditional authority, while the other 11 TAs would be covered by a separate food-aid response.¹ TA Kapichi was chosen because it seemed likely to have some functioning markets through its close proximity to the border with Mozambique. The objectives of both the food aid and cash responses were similar, and Oxfam designed the project to be directly comparable with the food aid response – the same amounts and frequencies of food – each month, giving cash sufficient to purchase of 50kg maize, 5kg pulses, and 1l of oil.

Oxfam then carried out an assessment in October of TA Kapichi to determine the situation with respect to market functioning, responsiveness and competitiveness, and community opinion and access.

The conclusion of this assessment was that the communities consulted would prefer to receive food instead of cash, that the market situation was appropriate for the project and that Oxfam would need to deliver the cash itself. Despite the fact that the communities stated a preference for food-aid, Oxfam felt that it was an appropriate instrument to use and decided to go ahead with the project, believing that some of the reason for the communities' preference was simply that the communities had not experienced such a project before.

Size

The size of the transfer was immediately revised from the 1,200MK in the proposal to 2,500MK based on prices for the food aid basket as estimated in October:

50kg maize at 40MK/kg + 5kg pulses at 40MK/kg + 300MK = 2,500MK per month

¹ The food-aid response in the rest of the district was part of what was known as the Government Voucher Scheme, which was supported by the UK's DFID, and implemented by World Vision in Thyolo district.

Coverage

The 4,000 households were spread throughout TA Kapichi (a total of 30 villages). The allocations were made by Oxfam to each village group, according to the number of villages in each village group and then according to the village group headman, who allocated the cash to each village.

After the first distribution in November, an updated MVAC report stated that significantly more people had been affected than had originally been predicted. This prompted Oxfam to increase coverage to 6,000 households from the January distribution onwards. Oxfam again attempted to distribute the additional 2,000 allocations according to the population sizes of the villages.

Contingency Budget

Oxfam considered the risk that the price of maize might rise considerably, and made a contingency budget plan to cover an increase in the number of beneficiaries to 6,000 should the price rise to 45MK/kg, and to increase the transfer size to 3,000MK should the price rise to 50MK/kg.

Targeting

Oxfam chose to use community-based targeting for the project. This relies upon the transparent community-led identification of targeted households that has been used successfully in Malawi by other agencies over the past several years.

Oxfam held meetings with all 30 of the villages, and explained the project to them, asking that they elect Village Relief Committees in each village, consisting of ten men

and ten women, and including at least two beneficiaries. Oxfam advised them of proxy indicators to help them identify the most vulnerable.

After making up the lists, Oxfam organised a meeting of the whole village for a ‘public scrutiny’ of the list to arrive at a consensus as to who the most food insecure people in the village were.

The criteria used for targeting was that of the World Food Programme and Joint Emergency Food Aid Programme consortium for the targeting of food assistance to HIV/AIDS-affected households.

Selection Criteria

The discussion of selection criteria was crucial to reduce inclusion and exclusion errors. Inclusion error refers to the proportion of beneficiaries that did not deserve to be registered as beneficiaries. Exclusion error is the reverse of inclusion error.

Oxfam adopted the guide used by the WFP-led Joint Emergency Food Aid Programme (JEFAP) partners. JEFAP is a consortium of NGOs that implements the food aid programme. The guides were formulated by the consortium of NGOs to unify the process of beneficiary selection (Appendix 1).

The criteria have two parts: economic criteria and social criteria. Under economic criteria, households must meet at least three of the following inclusion criteria:

- Owning less than two acres of land and unable to hire it out for food or cash.
- Without major common livestock (cattle, goats, sheep, pigs, poultry).
- Without a formal wage.
- Without a regular Income Generating Activity (IGA).
- Dependent on piece work (*ganyu*) for daily food.
- Having less than three months of food stock starting from harvesting time.
-

These households should also meet the social criteria of targeting HIV/AIDS-affected households as follows:

- a) Chronically ill patients
 - Households taking care of a chronically ill patient.
- b) Households taking care of orphans in priority order
 - A child-headed household keeping more than two orphans who have lost both parents (double orphan)

- An elderly-headed household keeping more than two orphans who have lost both parents (double orphan)
- Any other household keeping more than two orphans who have lost both parents (double orphan)
- A female-headed household keeping more than two orphans who have lost one parent (single orphan)

It was noted that most discussion was around the social criteria because it was difficult to separate households based on economic criteria. The social criteria were therefore the basis for most villages in selecting beneficiaries for the cash transfer. In some cases, communities would add vulnerabilities, such as disability.

Monitoring and Evaluation

Oxfam designed a monitoring and evaluation plan similar to that used for food aid in Mulanje district. However, it was expected that the monitoring of the cash transfer project would be given much more attention and demand much more effort due to its status as a pilot.

The two most significant elements of the plan were post-distribution, carried out by a monitoring team undertaking surveys of the beneficiary communities, and situation monitoring, carried out by the Food Security Advisor, monitoring food, livelihood and health indicators. These elements would produce monthly Situation Reports (SITREPS) and Post-Distribution Monitoring Reports (PDM Reports) to guide the implementation of the project.

Delivery

Oxfam's assessment in October showed that there were not financial services available for people to practically access in TA Kapichi. They approached banks to discuss extending their services to TA Kapichi for the project but the banks felt that it would not be practicable. To simply move the money, Oxfam approached the leading security company in Malawi, but the company felt that would be not be able to operate in such

rural areas due to the road conditions. This meant that Oxfam would need to deliver the money itself.

Oxfam approached the Malawi police, who agreed to provide police personnel to accompany the money movements and distributions, for which Oxfam would provide some small amount of compensation. Oxfam rented a vehicle with driver to carry the armed police personnel separately from Oxfam vehicles and staff.

The delivery model Oxfam used was based on how teachers and other civil servants are paid in rural areas and so was familiar to people, especially community leaders. Eight pay points were established at local courts and schools. The number of beneficiaries to be served at each pay point ranged from 170 – 700 people.

For the distributions, three cash desks were set up at the pay point each with a member of Oxfam's regular finance department serving as cashier. A cash chest manager controlled the money being disbursed through each cashier.

Distributions began with the village furthest away from the pay point. Beneficiaries from the same village were grouped together, which enabled them to easily identify each other and the presence of any strangers who might have been attempting to fraudulently receive the transfers. Village relief committee members also verified the beneficiaries. The beneficiary registration lists for each village were arranged onto sheets, each listing twelve names. Each of the cashiers were given money for 12 disbursements by the cash chest manager. Temporarily employed cash distribution monitors used the sheets of twelve names to manage and form beneficiaries into a queue before the cashiers' desks. The monitors then handed the list to the cashier and one by one beneficiaries advanced, showing their beneficiary cards, and received their 2500MK in 500MK notes, signing or thumb printing for it. When all twelve had received their money, the list was handed to

the cash chest manager to account for the money. The process was then repeated until all the beneficiaries had been served.

Once the team was experienced, it took only 3 hours to deliver cash to 2,000 people. The average timing was 14 seconds per person.

Government officers from departments of extension, community development and health, helped organise people, calling out names of the beneficiaries, and arranging them according to the registration sheets.

The Oxfam finance department had full control of the process with overall management by the Finance Manager. Only full-time staff were trusted with cash handling. The monthly disbursements were spread over a period of one to two weeks, so that the finance staff involved in the cash transfers were able to work on their other regular finance duties.

4. Evaluation Design

The evaluation was designed according to the OECD-DAC Evaluation of Humanitarian Action (EHA) criteria.² Six of the seven criteria were used (the seventh, coherence, was not necessary in the context of Malawi). The following table presents the criteria and the questions investigated by the evaluation:

<i>Appropriateness</i>	
<ul style="list-style-type: none"> • Was sufficient food available locally for purchase? • Were markets able to deliver affordable food? • Were markets accessible? • Did recipients prefer cash over other forms of assistance, at the particular time (season) of the project? 	<ul style="list-style-type: none"> ○ Key informant interviews with local food traders in the communities, district agriculture ministry staff, other key local authorities ○ Documentation from Oxfam, VAC, WFP
<i>Coverage</i>	
<ul style="list-style-type: none"> • How were beneficiaries targeted? • Who received the cash-transfers, and who did not? 	<ul style="list-style-type: none"> ○ Focus group discussions with members of the community and village committees ○ In-depth interviews with households that received cash, and households that did not
<i>Connectedness</i>	
<ul style="list-style-type: none"> • How did the cash transfers interact with other forms of assistance being delivered? 	<ul style="list-style-type: none"> ○ Key informant interviews with Oxfam, WFP staff and other agencies ○ Focus group discussions
<i>Impact</i>	
<ul style="list-style-type: none"> • What was the effect of the income on people’s vulnerability and food security? • What multiplier effects may have occurred due to the cash? • What effect did the project have on 	<ul style="list-style-type: none"> ○ Focus group discussions with members of community and village relief/development committees ○ In-depth interviews of households that received cash from the project ○ Key informant interviews with local traders and shopkeepers in the

² Drawn from the guidelines of the recent ALNAP publication, *evaluating humanitarian action using the OECD-DAC criteria*

local markets?	communities, district agriculture ministry staff, other key local authorities
<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> • Was cash delivered in the right form, size and place, and at the right time for the recipients? • Was sufficient cash delivered to enable beneficiaries to access adequate food? • How much food was purchased? • What costs were borne by the beneficiary in receiving and using the cash? • How and where was the cash spent? <ul style="list-style-type: none"> ○ Key informant interviews with local traders and shopkeepers in the communities, district agriculture ministry staff, other key local authorities ○ Focus group discussions with members of the community and village relief/development committees ○ In-depth interviews with households that received cash, and households that did not ○ Documentation by Oxfam 	
<p><i>Efficiency and cost-effectiveness</i></p> <ul style="list-style-type: none"> • How efficient and appropriate were the delivery systems used for disbursements? • What were the management costs/requirements in implementing the project? • What was the total cost of the project to Oxfam per beneficiary? • What external costs were borne by the beneficiary? • What was the total cost of comparable food aid projects per beneficiary? • What limitations would there be to running the project on a larger scale? <ul style="list-style-type: none"> ○ Key informant interviews with Oxfam programme and finance staff ○ Focus group discussions with Oxfam programme team ○ Focus group discussions with members of the community and village relief/development committees ○ In-depth interviews of households that received cash from the project ○ Documentation from the Oxfam programmes of cash transfers and food aid 	

5. Findings

5.1. Appropriateness

Whether or not a cash response was appropriate can be answered, in hindsight, by looking at whether people were able to use the cash to purchase the quantity of food they needed. To do this, the evaluation concentrated on two issues: the functioning of the local maize market during the project period, and the experiences of people in the beneficiary communities in accessing it. The evaluators spoke with traders, market monitors, local authorities and beneficiary communities, to reconstruct how the local market behaved, and to what extent people were able to purchase maize, what other foods might possibly have been accessed to substitute for maize, and what preferences, after the fact, people had with respect to cash, food and quantities.

Justification, Initial Assessment, Project Feasibility and Design

There is no doubt that interventions to increase access to food were of great importance in the context of Malawi's food crisis. The shortfall in production led to a significant level of 'missing' food entitlements for people across the country, and the poorest and even many middle-income people did not produce enough, and some would be forced to pursue negative coping strategies or face malnutrition. But general relevance in the national context does not necessarily mean that every project everywhere will be appropriate. Whether the type of assistance and the way it is delivered is appropriate is dependent on the local context, and projects must be tailored to local needs. Oxfam's justification for the use of cash, in the proposal, was that the general conditions appropriate for such programming (that people who normally rely on significant amounts of purchased foods had lost food and income sources) generally existed throughout Malawi.

Oxfam assumed that these conditions existed in the area under consideration (Thyolo district), and on this basis set out to develop its cash transfer project. But the proposal for

the project was written without knowing precisely where the project would be implemented, without an analysis of the specific appropriateness of a cash project, and without Oxfam's own in-depth needs assessment, relying heavily on the MVAC national reports. The proposal was lacking in detail, simply stating that it would deliver 1,200MK per month to 4,000 households. It was intended that Oxfam would carry out an assessment to determine the feasibility and appropriateness of a cash-transfer response after the proposal was approved and funding secured, and then fully develop the concept and make a detailed plan. This appears to have put very considerable momentum into the project, despite the fact that it was not clear that the project would in fact be appropriate. The evaluation found that a significant driving factor behind the decision to implement a cash-based response was a desire to experiment and learn from such an undertaking, especially given the wide criticism of food aid in the last emergency response in Malawi in 2002/2003.

The terms of reference for the assessment in October were thorough and appropriate, providing a very good framework for assessing the appropriateness of a cash response. The assessment found that the communities consulted stated that they would prefer to receive food aid, and pointed to several factors that indicated that a cash project might not be appropriate. While the large-scale food insecurity in Malawi was caused primarily by a supply failure as a result of the poor national harvest, much of the region experienced a crop failures (notably, not South Africa, which produced large surpluses), which affected cross-border trader, and the FAO/WFP assessment mission to Malawi in June specifically warned that retailers and traders had concerns that the early arrival of maize from across the border might mean that maize would not be available later in the lean season; that it was predicted that private imports to Malawi would not be sufficient, and that international food assistance would be needed. This was certainly an indication that cash transfers might not be ideal. The Oxfam assessment stated that supplies from Mozambique were 'dwindling' and that maize was becoming scarce inside Mozambique. The assessment further stated that ADMARC would not be able to provide maize, and pointed out that ADMARC can be very important to some of the poorest people. The

assessment also noted that there was collusion among traders to control prices, indicating that the market is not very competitive.

However, much of the decision rests with the challenging art of market analysis and assessment. Oxfam's market assessment examined the extent to which traders would import maize from the Mozambique border at Muloza. This assessment appears to have been largely based on the opinions of traders at the border; its findings were that maize was running short already.

The conclusions of the assessment, however, say nothing about the suitability of the market and maize supplies. It appears that the assessors felt that the findings were favourable for a cash response, and that adequate maize would be supplied from the rest of Malawi,³ despite there being a clearly significant national shortage. Oxfam was aware of the contra-indications in its assessment, but chose to take an optimistic view in its analysis of market supply and risks. There was some scepticism around the predictions of shortages of imports from Mozambique due to past experience in other years, when predictions had under-estimated imports. The project assumed that maize would be available from Mozambique to supply markets in the project area. It is very difficult for the evaluation to make a judgement about this decision, based as it is on predicting the future.

The appropriateness of a cash-based response to food insecurity must also depend on a comparison with food aid with respect to cost-effectiveness. Oxfam did not consider this when deciding to implement the project, though the cost of food aid was a cause of considerable controversy in Malawi at the time because of the project's size and the difficulty of accurately doing so. That such a comparison would have been extremely difficult was demonstrated by the trouble DFID and WFP had in predicting what the price

³ Oxfam's mid-term evaluation in fact found that a reversal of trade was occurring and maize was actually flowing out of Malawi back into Mozambique, as there had developed a shortage across the border.

of food aid would be, and by the two very different scenarios being considered by the MVAC. Oxfam felt that carrying out the cash transfer project in a similar area to a food aid project would be a good opportunity to provide real and truly comparable, actual, costs that would provide greater insight for decision making in the future.

The most significant local market in TA Kapichi is at Makoka, where there are only three principal maize traders. The evaluation spoke with them and discussed their experiences during the project period: ‘We would go to the border wanting to buy 30 bags that day, but would have to wait two days and find only five bags to bring back’.

‘We bought maize at the border at the end of December at 70MK/kilo, which made it difficult to sell back in the market – people couldn’t buy at this price.’

‘Neither the Oxfam cash transfers, nor the food aid in our neighbouring TA, affected the maize prices – prices were high because of a big supply shortage.’

‘People needed both food aid to overcome the shortage and cash to buy other essentials.’

The Private Market

Typically, October through to March is the peak food purchasing time for many people in Malawi. In TA Kapichi, most, certainly the poorest and middle-income people, have by this time consumed their stored harvest and must rely on earned income to purchase food in the local markets. At this time of year, a cash intervention would then seem to be appropriate, as it should not cause an atypical increase in demand beyond what the market is used to. If the market is diverse and widely integrated, food would be expected to come from other areas of production unaffected by the crisis. In TA Kapichi, markets appear to rely on imported maize from Mozambique, local production at harvest time and some supplies from other parts of Malawi. The evaluation interviewed traders extensively at the Muloza border crossing and in the Kapichi marketplaces. All the traders interviewed indicated that they were unable fully to meet demand for maize within their communities. The main problem cited was that they could not buy enough maize from Mozambique. With failure in supply, some traders appear to have relied on the subsidised government-supplied maize from ADMARC (this was reported several times by the

communities the evaluation visited), selling it on to communities at the very high market price.

ADMARC

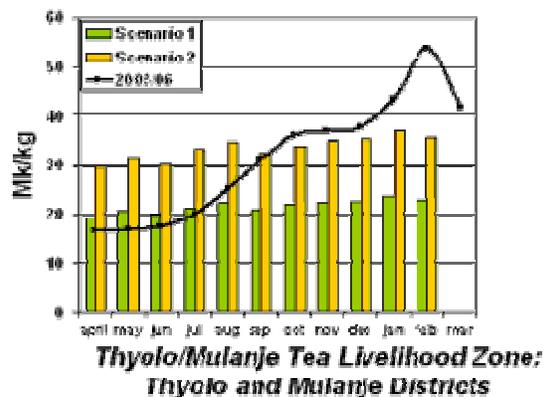
As was noted in the Oxfam feasibility assessment, ADMARC was never expected to be able to supply adequate quantities of maize to the area, and it did not do so. The price of maize – officially set at 17MK/kilo – was thus far exceeded. What small amounts of maize ADMARC was able to supply were rationed when they arrived, and were sold at the depots.

The evaluation spoke with ADMARC staff at the main Kapichi depot (Lutchenza), who reported less and less maize being delivered each week from November through to February. The maize was delivered on a weekly basis for distribution to the smaller satellite depots, but in some weeks not enough was delivered to allow this further distribution. All the maize was sold at the main depot. In three of the weeks when a delivery should have been made, in November, January and February, no maize arrived at the depot at all. The ADMARC staff reported that demand was such that the small amounts of maize they had would be sold in a day; however, due to staffing shortages and problems controlling crowds, it was often impossible to achieve this and it could take up to three days to sell the small quantities concerned.

Maize Prices

The evaluation found it difficult to reconstruct precise prices of maize in TA Kapichi during the project period; however, triangulation of various sources and interviews with traders and buyers allowed for a reasonably accurate picture.

Figure 1 - FEWSNET Malawi, March 2006
Comparison of 2005/06 prices to VAC scenarios



Monitoring by FEWSNET indicates quite drastic increases (shown in Figure 1). The figure includes the prices used by the MVAC for its scenario planning, and shows how the price far exceeded those scenarios, even after the peak in February, when FEWSNET reported 54MK/kg; however, this was not based on wide and thorough monitoring of prices throughout the district in all the local markets. The evaluation found that, within the district and certainly within TA Kapichi, the price of maize exceeded 60MK/kilo during January and February, with consistent reports of prices hitting 70MK/kilo. The difficulty with such recollections is that they only reflect a ‘spot’ price at a particular time, i.e. the price of 70MK/kilo may have only occurred fleetingly, and could have been lower the following day. Without detailed systematic monitoring of prices as they occurred, it is very difficult to use price information to assess people’s actual food access. The findings suggest that, in some places, the price of maize at which beneficiaries purchased went higher than 3,500MK per 50kg sack (70MK/kg) at times, very far beyond the design of the project. In the local markets, and within villages, beneficiaries purchased small packets of a few kilos of maize (nicknamed a ‘walkman’) at up to MK90/kg.

Access

The communities indicated that they were largely unable to buy food from ADMARC despite staying at markets for many days awaiting deliveries. The average time spent waiting was reported at four days. In many cases, when they managed to buy some maize purchases were limited to 15kg per person.

Often, maize was only available at the main ADMARC depot, which for many villages was many hours’ walk away, and thus required significant effort to reach. Because of the shortages, rationing, and unavailability of maize at ADMARC, or to avoid the huge effort of buying the food at ADMARC, many families, especially smaller households, bought significant quantities of their food from vendors in their villages at very high prices.

Response to or Prevention of a Crisis?

The information available at the time showed that a relief response in Thyolo district was needed; however, the findings of the evaluation and early indications from nutrition surveys suggest that the district did not endure the acute crisis that was predicted. This raises a very difficult question: did the response prevent a crisis, or was the crisis less severe than predicted?

Neither the mid-term evaluation nor this final evaluation found that households in TA Kapichi had been forced to pursue extremely negative coping strategies. Households appear to have reduced consumption and spending and relied on alternative foods to cope with the maize shortages.

Preferences

Despite the reaction Oxfam found in its feasibility study, and the problems with access and markets, most people in the beneficiary communities stated a preference for cash transfers over food aid. Of course, this is complicated by the question of ‘how much cash’ and ‘how much food’ would be preferred. Several people suggested that a mixture of cash and food might be the best response. Relatively few people indicated a clear preference for food aid. Those few who did mostly had large families, and found it difficult to buy enough maize and still have some money left to use for other essentials. Most small families spoken to said that the size of transfers was adequate – they were able to buy food from the local vendors to last a month, and had some money left for other necessities. The majority of people spoken with were very positive about the choice of an exclusively cash response in comparison to exclusively food responses. They found money easy to receive and always on time. They mentioned numerous advantages of money over maize. Many people said that the families targeted were financially impoverished; if they had been given food aid, they would still have needed money to have it milled, which would have meant selling some food aid. People consistently pointed out that their essential needs encompassed more than just food, so receiving only

food aid was insufficient to meet requirements for other necessities like vegetables or health care. Although people said that maize was scarce and expensive, most communities reported that everyone was able to buy food. They were also aware of problems with food aid experienced by their neighbours, such as reductions in rations, inappropriate food, missing items and delays.

Preferences of Villages Receiving Food Aid

The majority of people spoken to in villages receiving food aid preferred it to cash, citing problems in the market and difficulties that they had heard people had with purchasing maize. However, they were aware that this might only have been a question of the size of the cash transfer. They indicated that, at the peak of the hungry season, maize is not available in the markets and prices become exorbitant. In Mulanje district, close to the border with Mozambique, participants said that maize prices had risen to Mk80 per kilo, and that a cash transfer of only MK2,500 would not buy enough food to last the two or three weeks food aid did. While cash allowed for the purchase of items that they would like, such as fertilizer and clothes, it was felt that this came at the expense of feeding the household and risking hunger (as the size of transfer would not be enough to buy sufficient food and purchase such items).

However, they also acknowledged the problems that food aid poses. In the three villages visited, all the participants mentioned that they experienced problems, especially with food distributions. Usually, food rations arrived late, or people two rations in one month to make up for shortages the month before.

Another problem encountered by the food aid villages was the supply of sorghum, which is not traditionally eaten. Many of those interviewed said that in February, the most crucial hungry month, they received sorghum, which they found so problematic that they claimed many still had not used any. In some communities, it was reported that, in at least one month, they only received 16.5kg of maize flour. Beneficiaries also stated that

they did not receive a consistent amount of other rations like cooking oil, making it difficult for them to plan ahead.

When asked if some people sold some of the food for money, the majority of the participants said no, though some reported that this was common as beneficiaries had no other source of income and needed at the minimum to pay to have the maize milled into flour, in addition to purchasing other essentials.

Despite their stated problems with it, the majority of people still said that they preferred food aid to cash; however, a considerable number of FGD participants in the food aid villages mentioned that, if ADMARC was able to stock enough maize during the hungry season, they would have preferred money. This seemed to be a strong signal that the stated preference for food was most probably based on doubts about the adequacy of the likely size of cash transfers, i.e. if they could receive enough money and prices were reasonable, then cash would be preferred over food-aid.⁴

5.2. Coverage

One of the most difficult challenges of the evaluation was to understand how the Oxfam project related to the population in need, and assessments of those needs by the MVAC and Oxfam. The coverage was essentially determined by resource availability and Oxfam's decision of how big the project should be. As mentioned in the project description, Oxfam's design for 4,000 households was arbitrary and not based upon needs assessment in a particular area. Indeed, as the project began, the 4,000 were going to be spread across several TAs, rather than just TA Kapichi. However, the local authorities agreed that Oxfam could allocate all 4,000 beneficiaries to TA Kapichi. Thus, while Oxfam was relying significantly on the MVAC for the overall justification for an

⁴ A factor in these discussions is a reticence to say anything negative about assistance. Communities consistently stated that they were unwilling to complain about gifts from other people, being thankful that they received anything, so there was a strong element of initially responding with perceived desired answers and significant effort had to be put towards getting beyond this in discussions.

intervention, the cash project appears to have been implemented without adequate needs assessment to guide coverage and targeting.

The original MVAC report predicted that, in the most optimistic scenario, the country overall through the year would have a food deficit of some 269,400 tonnes affecting some 4.2 million people. Data for Thyolo district is given below:

<i>Affected Area</i>			<i>Deficits (Percentage of 2100 kcal)</i>					<i>Population At Risk</i>		
Distri ct	EPAs	Livelihood Zone	Scenario 1		Scenario 2			'Poor '	'Midd le'	'Bett er off'
			'Poor'	'Middle'	'Poor'	'Middle'	'Better off'			
Thyolo	Dwale, Khonjeni, Masambanj ati, Thekerani, Thyolo Central	Thyolo Mulanje Tea Estates	10- 20%	5- 10%	25- 35%	20- 35%		208,2 00	182,1 00	
	Matapwata	Shire highlands	30- 40%		40- 55%	5-15%		6300	9200	

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The report also gave an estimate of the population of Thyolo district – 520,300 – so it could be calculated that some 75% of the population was affected (390,300 out of 520,300). TA Kapichi had a 1998 population of 39,642, projected to be 48,000 in 2005.⁵ If Thyolo was affected similarly across TAs, this would mean that 36,000 people would

⁵ Malawi Census 1998

be affected, or some 6,000–7,000 households, in TA Kapichi. However, the report did not predict how the deficit would be spread throughout the year.

By the start of the project, the MVAC scenario was clearly optimistic: the price of maize rose significantly more than in the second scenario, rising particularly sharply in October; regional food availability was less than expected and further crop assessments showed that production was even less than hoped. The MVAC issued an updated analysis in November, which took into account the real situation, including the food aid interventions that had been implemented. For the country as a whole, the population affected after September would comprise 4.9 million people, and the shortfall some 255,000 tonnes. The report also explained that the original Scenario 1 prediction for this period of the year (October to March) was 4.2 million people affected, with a deficit of 202,000 tonnes. Therefore, the situation nationally was considerably worse than predicted in June. Crucially, the report gave an indication of how the deficit was spread throughout the remainder of the year. This prompted Oxfam to increase coverage to 6,000 households. This 50% increase in households cannot be directly related to the increase in the number of affected people predicted by the MVAC. As shown in the table below, the number of affected people in Thyolo district did not change (in fact, the figures went down, from 390,300 to 390,289). So, in TA Kapichi the numbers remained the same (6,000–7,000 affected households). As the original project coverage was not based on needs, and the subsequent very large increase in coverage was not related to any new needs assessment showing a large increase in needs, the increase appears to have stemmed from resource availability from contingency budgeting and a decision by the country office to request it. At 6,000 households, the project was roughly commensurate with the needs predicted by the MVAC in TA Kapichi.⁶ However, there is no documented evidence in the project that such calculations were carried out by the project, so it is very difficult to see whether this isn't simply a co-incidence of numbers. The

⁶ 3000 – 4000 'poor' households would have a deficit of 60 to 75% of their food entitlement, and some 3000 'middle' households would have a deficit of 35 – 45% of their food entitlement. These calculations have been carried out by the evaluation, analysing the MVAC and based on population projections for Kapichi from the Malawi Census office.

guidance of the project appears to have been based more on the general situational awareness of the staff than on such detailed needs assessments and calculations; this will be discussed further in the monitoring section below.

<i>Affected Area</i>			<i>MFEs (Percentage of 2100 kcal)</i>				<i>Population At Risk</i>	
			Whole Year		Oct '05 to Mar '06			
District	EPAs	Livelihood Zone	'Poor',	'Middle'	'Poor',	'Middle'	'Poor'	'Middle'
Thyolo	Dwale, Khonjeni,	Thyolo Mulanje	30-	15-	60-	35-	102,05	89,299
	Thyolo Central	Tea Estates	40%	25%	75%	45%	5	
	Masambanjati,	Thyolo Mulanje	25-	15-	60-	35-	106,09	92,836
	Thekerani	Tea Estates	40%	25%	70%	45%	9	
Matapwata	Shire highlands	25-		55-		6,300		
			40%		70%			

MVAC November 2005

5.3. Implementation

The findings suggest that the design of many elements of the project was well-thought-out and was proved sound by the successful implementation of the project. Lessons learned from previous cash transfer projects seemed to have been considered in the project design, and proved to be of value.

The involvement of the finance section of the office is a particularly good example of this. Past experience from various agencies has shown that a common mistake has been to overlook the involvement of finance sections in the early stages of cash-based programming. Involving them from the beginning avoids simple technical mistakes and later problems in implementation, as the finance staff inevitably become involved in

disbursing money. Oxfam involved the finance team from the start, giving them responsibility in the design of the delivery mechanisms, which resulted in a very smooth and successful system. The finance team was well integrated in the implementation of the project and took pride in being a visible part of the programming. This resulted in an extremely efficient and effective delivery at cash distributions. The cash deliveries were well designed, relatively straightforward and simple, and quite speedy once under way, and they should be seen as a great success.

Security

The project encountered no problems with security, and the presence of the police at distributions raised no issues.

Corruption

The most significant risk of corruption for this type of project probably lies in the registration, targeting and distribution of the cash transfers; this is discussed in the coverage and targeting section.

It was beyond the scope of the evaluation to consider corruption in other areas. However, as the project was transparent and well accounted, beneficiaries were aware of what they should have received, and the authorities were aware of the number of allocations. There appears little likelihood of corruption in this regard.

5.4. Connectedness

Oxfam coordinated closely with government and other agencies at the district level. The project accidentally assisted and improved upon the government's agriculture input project by providing enough cash to purchase the subsidised inputs provided through a voucher scheme. This was a very good, though unforeseen, complementarity. A smaller NGO, CARD, distributed fortified corn-soya blend to assist some malnourished children in TA Kapichi, and the two projects were not aware of each other until after the fact.

However, the CARD project was small and the two appear to have complemented each other without any detrimental effects. An EU-funded food-for-work road building programme began in TA Kapichi just as the Oxfam project finished; however, it appears that the programme did not make any effort to coordinate with Oxfam.

The project was designed to make the final distribution in March, at which point it was assumed that needs would have been significantly reduced as the new harvest came in. But the project did not have the means to monitor the food security situation in a sufficiently timely way to verify whether needs had been reduced as expected. The evaluation has found that the rains that occurred in February and March negatively affected some of the beneficiaries by washing some people's crops away. With the end of the project, some households have been forced to harvest crops prematurely, before they have been adequately dried in the fields. Prices in March, while falling, were still far above normal and remained so into April. Many informants said that cash in April would have increased their food security this year by enabling them to buy maize and kept it for later use.

5.5. *Effectiveness and Impact*

In terms of objectives, the effectiveness of the project relates to the extent to which targeted beneficiaries were able to purchase their missing food entitlements. This has two fundamental elements: how much food were they missing, and how much would this cost to purchase?

However, the project made no attempt to measure missing food entitlements, and was designed around providing cash equivalent to the food aid basket supposedly being provided to neighbouring communities. This creates something of a contradiction in the project – was the objective to ensure access to *actually missing* food entitlements, or simply to provide access to the same amount of food as the food aid programmes? If the latter, then it is a simple matter to analyse food prices and calculate how much food

people could have purchased with the transfer, and confirm their access to it. If the former, then assessing the effectiveness of the project is much more difficult, as this entails knowing what the missing food entitlement was. This has a direct relation to targeting, discussed below.

How much food could people buy with the cash transfer?

The original proposal for the project clearly stated the critical importance of staple prices to food security, and the Oxfam programme had a very good framework for monitoring and evaluation that clearly showed the connection between markets, prices, food insecurity, food aid and cash transfers. The framework detailed the systems that were to be put in place to enable ongoing monitoring and evaluation of the project, with checklists, outputs and responsibilities. The Post Distribution Monitoring (PDM) system appears to have done an excellent job of verifying the receipt of the cash transfers by the intended beneficiaries. The complementary ad hoc following up of complaints and inclusion discrepancies detected by the PDM system appears to have been effective. However, the project monitoring system was not able to measure expenditures or quantities of food purchased, and did not systematically watch localised food prices, so the data it yielded cannot tell us how much food was actually accessed by the beneficiaries. Nor did it monitor malnutrition in the area to answer this question indirectly. There exist only *ad hoc* mentions of prices in SITREPs and the mid-term evaluation, as these were being noted by the food security adviser. As prices were the biggest risk to the success of the project in meeting its food security objective, this is a significant weakness in monitoring. As the project started, national monitoring systems showed that the situation in the area of the project had worsened beyond the so-called ‘Scenario 2’ of the MVAC, broadening and deepening the crisis – the amount of food people would be short of grew, as did the number of people affected. Oxfam was aware of the updated MVAC report and responded to it by expanding its project by 50%, but assumed that the size of cash transfer, 2,500MK, remained sufficient to achieve food security.

At the beginning of the evaluation, all of the senior managers expressed their confidence that the price of maize had remained stable during the life of the project, and that maize had always been available to beneficiary communities at 45MK/kg. However, the evaluation found that the price of maize rose to such an extent that the effectiveness of the project was in danger of being compromised. The price of maize rose well above the project's planned price of 40MK, and many traders and beneficiaries reported prices of up to 70MK per kilo.

At 70MK/kilo of maize, the 2,500MK cash transfer would only purchase 36kg of maize, far short of the food-basket of 50kg maize and 5kg pulses.

Were beneficiaries able to access their missing food entitlement?

While prices did not remain within the planned range for purchasing the food-aid basket, this does not necessarily mean that the project was ineffective. The evaluation found that the project managers appear to have relied largely on their own experience, knowledge of the context and observation to monitor whether the project was being effective. Oxfam did not measure or analyse the food insecurity of the beneficiary communities in a systematic way, nor did any other agency within TA Kapichi, which provides the evaluation with little data to analyse in order to assess the project's effectiveness. The evaluation found little evidence of high rates of malnutrition or negative coping strategies during the project period. The preliminary results of the national nutrition survey in December (see Annex 2) indicate that Thyolo district did not have levels of malnutrition that would warrant an 'alert'.

Initially, the post-distribution monitoring attempted to measure levels of expenditure of the cash transfer. However, after three months the team decided that the system was unable to confidently measure expenditure, and it was decided that data could only roughly indicate what items were purchased with the money. The team attribute this to the perceptions of the beneficiaries of Oxfam's intentions with the project and a reticence

to state anything other than what the beneficiaries felt Oxfam wished to hear – that the money was used primarily to purchase maize. However, while the monitoring team felt that it was not possible to measure the amount of money expended, it was able to see that many people were spending some of their cash transfer on other things, including agriculture inputs, vegetables, health care and soap. Through open and careful discussion with the communities, the evaluation concludes that it seems likely that the vast majority of money received was spent on purchasing maize and other food.

The evaluation relied primarily on information provided by the beneficiaries themselves to determine the project's effectiveness, inquiring whether they were able to access adequate food, how much it cost, where it was purchased, what expenditures they made from month to month and how the Oxfam project contributed. Recalling expenditures over several months is very imprecise, so it was a significant challenge for the evaluation to determine how much food people accessed. This was further complicated by the very variable availability of maize in markets. After the fact, it is extremely difficult to establish how much food people bought from private traders and how much from ADMARC. This was because many families first tried ADMARC; if they were successful, they would supplement the ration with small amounts of maize or maize flour from vendors, minimising these purchases in the hopes that they might access more from ADMARC in the following week. However, more than half of the households interviewed described a scenario for their use of the 2,500MK cash transfer from Oxfam similar to the following: 'With the money from Oxfam, we waited at ADMARC and managed to buy 25kg (MK425), then we spent MK1,600 on maize from vendors. We used the rest of the money for buying salt, sugar, relish and maize milling.' With prices at 60MK/kilo, this would mean that a household would have purchased about 50kg of maize with the money.

Targeting

The communities generally appear to have agreed with Oxfam's indicators of vulnerability, and appeared to have been very concerned with targeting the project to the

most vulnerable in the community. They collectively appear to have chosen people on the basis that, while everyone was food-insecure, there were those who deserved assistance more because they had some limitations in their coping strategies, especially the chronically ill and those affected by HIV. The communities were generally aware that indicators did not constitute strict criteria for inclusion – for example, some stated that some households with orphans or sick members might have a relation in Blantyre who could assist them, so such people did not qualify for inclusion. Participants stated that targeting was on the basis that the person chosen was worse off than the rest due to factors such as illness. Overall, the evaluation found that, within receiving villages, targeting of the allocated number of beneficiaries did not have significant inclusion errors. Oxfam staff felt that this was only due to close monitoring and collaboration with the communities during the project, and cited initial cases in the first few distributions where inclusion errors were found or reported. But these appeared to have been addressed promptly and adequately. Oxfam’s monitoring team appears to have done a good job of observing at distributions, following up complaints and examining raw PDM data to trace inclusion errors and have them addressed by the village relief committees.

The villages were aware of the number of beneficiaries their own village was to receive, and the community-based system and its transparent and participative approach seems to have been very successful at making sure that the beneficiaries of the project were the most vulnerable. But some of the communities were adamant that there were exclusion errors in the sense that not enough people were assisted. The biggest issue regarding the effectiveness of the project is the allocation of the quantity of beneficiaries in each village. The project did not allocate the transfers according to need, as it did not have the necessary detailed understanding of food security within the area to do so. Instead, it assumed needs to be the same throughout the TA, and planned to allocate the beneficiaries to each village on the basis of population.

In the beginning, this allocation was left to group village headmen. The 4,000 households were initially allocated to each group village headman in proportion to the number of

villages in his group. The headman then determined how many beneficiaries would be allocated for each village. This is certainly a risky strategy, and is open to abuse. The project immediately ran into problems due to disagreements about population figures, and Oxfam was forced to do a rapid census of one village to settle a disagreement with one headman. Realising that population figures were incorrect, Oxfam decided to allocate the additional 2,000 beneficiaries via the expansion of the project in January. This was done by the Oxfam monitoring team, who tried to estimate population figures based on a variety of sources.

The end results, however, appear to have been inconsistent, with coverage ranging from 28% of households in one village to 95% of households in another, based on Oxfam's own estimates. If the assumption that needs were the same throughout the TA and Oxfam's population estimates are close to correct, then the targeting of the project can really only be described as random.

Gender and Intra-household decision making

Most of the beneficiaries appear to have been female-headed households. This seems to have been because, apart from being more likely to be poorer, they appear to be more likely to be looking after orphans, which the village relief committees accepted as a qualifying criterion. Male-headed beneficiary households appeared to be less common, and they were largely targeted due to sickness or age of the male head.

Within households, the evaluation consistently found that families, whether male- or female-headed, consulted with each other about spending decisions.

HIV/AIDS

The interviews with the village health committee and home-based care volunteers show that the communities included all households with people who were chronically sick and in some villages all HIV positive people. Where this occurred they stated that HIV

infection alone was itself a criteria that qualified them for inclusion, rather than their level of food-security. This was also observed in the food aid receiving villages that the evaluation visited.

These findings do raise a question about the indicators used and whether some beneficiaries may have been confused about them. The stated intent of the project was to assist the most food insecure households and most of the communities appear to have understood that the criteria were intended to be useful indicators of who might be vulnerable to food insecurity (thus, they used their own experience to judge who was in fact the most vulnerable and did not use the criteria as strict qualifications for targeting). But the criteria used (see the project description above) were lifted directly from a project manual for targeting HIV/AIDs affected people that quite clearly states that the intent is to target them. The findings of the evaluation demonstrate that this aspect of the criteria was treated as strict qualifications for inclusions in most cases.

Sharing

It was difficult to evaluate the extent to which people shared either the money distributed or the food that they purchased with it; however, it was widely reported by focus groups and households in

interviews that people shared the benefits of the project with both extended family and neighbours.

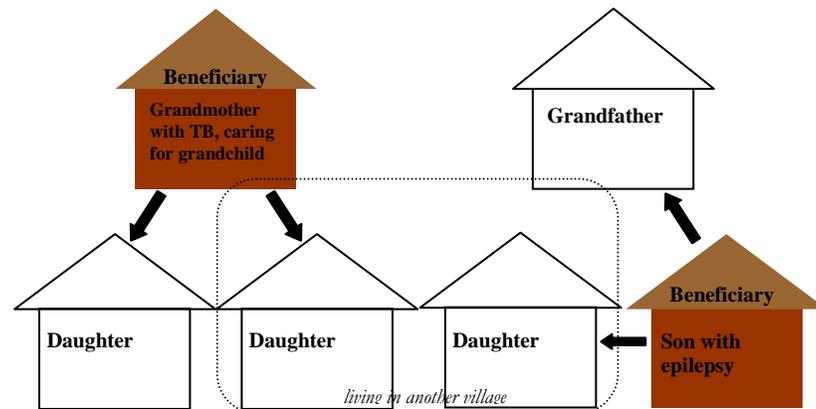
Focus groups frequently said that sharing was limited and did not occur to a great extent, and that it was primarily sharing of food.

However, there seemed to be some question of what people thought the intent

of the project was and a possible reluctance to discuss redistribution, i.e. people were possibly reticent to report sharing because of the clear targeting criteria of the project. Nonetheless, focus groups and beneficiary households did say that they shared food with non-beneficiary households, typically stating: 'it's hard to eat when your neighbour is hungry'. It would seem that sharing was a common occurrence, though difficult to quantify its significance, and that the closer the relationship the more likely it was that cash rather than purchased food was shared.

Family sharing in Maida village

In Maida village, one elderly beneficiary explained how her family shared Oxfam cash transfers. The beneficiary cares for her grandchild and was a beneficiary due to her age and because she had tuberculosis. Her son was also a beneficiary due to his having epilepsy. She explained that she and her son both shared their cash transfers each month with four other households covering three generations of the family. Of each transfer of 2,500MK she received, she gave 500MK to each of two of her daughters while her son shared 1,000 to 1,500 MK each time between another of her daughters and his father, who lived in another household. The beneficiary said that, while the project was good, she had found it difficult to buy maize with the money due to shortages in the markets.



Impacts – markets, food security, multiplier effects

The evaluation found that the project is unlikely to have had much effect on local markets. Although significant for beneficiaries in the immediate target area, the project was much less important for markets than the shortage of supply. While some beneficiaries felt that prices being charged by local vendors in TA Kapichi were inflated due to the cash transfer project, the prices that they reported did not differ greatly from those reported at the district market and the market at the border. Many of the traders the evaluation spoke to reported that neither food aid nor cash transfers affected the price of maize; indeed, many of them stated that they felt that not enough food-aid had been delivered to the district.

Few local multiplier effects were seen by the evaluation. This is unsurprising as the vast majority of money was spent on imported maize. While a very large amount of money was indeed distributed and spent, such purchases of imported goods would not be expected to result in significant multiplier effects. The vast majority of it went into the value of the maize purchased, which is largely from production in Mozambique. Only the small amount of profit that local traders make on the maize is left behind in Kapichi to have any multiplier effects. Typically, the traders claimed to have used 100MK as a flat rate of mark-up put on 50kg of maize, so between 3% and 6 % for prices of 35 to 60MK/kilo. However, small amounts of money appear to have been spent on locally produced vegetables, and there were several accounts of older female beneficiaries spending some of their money on local labour. These expenditures would have had some small multiplier effects in the local economy. The incidental effect of the cash transfer in November, allowing purchase of subsidised farm inputs, was very positive according to many beneficiaries. Many stated that this improved their output in this harvest; however, given the significant cost of the inputs (perhaps 900MK), this calls into question the acuteness of their need for the cash transfer that month.

Other than this positive effect with subsidised inputs, it is difficult to prove any long-term impact on food security as a direct result of the project. Particularly negative coping

strategies, such as the distress selling of assets, which would have undermined future food security does not appear to have occurred, and this may be partially due to the project. One suggestion made by many key informants and beneficiaries was that extending the project by a month or two might have had significant effects on food security by protecting the new harvest from early harvesting and selling at very low prices, allowing the purchase of cheap maize on the markets and keeping the harvest for later in the year.

One important impact of the project may have been on school attendance. The project's monitoring and evaluation system did not, in the event, capture data to prove this, but it was widely reported by communities, and verified by at least one headmaster, that the project increased the amount of food for children, especially orphans, resulting in an increase in school attendance.

5.6. Efficiency and Cost-effectiveness

The delivery system used by the project appears to have been appropriate, efficient and cost-effective. The communities were familiar with the system, as it was similar to that used to pay teachers and other state workers. The beneficiaries praised it for its speed, efficiency and convenience.

However, many beneficiaries pointed out that one disadvantage of cash was that a shortage of food supply, and a failure of markets, meant that the cost beneficiaries bore to access food was much higher than that of people who received food aid. Buying food in distant, unreliable markets was difficult for some people, and some people stated that they might have preferred food aid for this reason. However, comparisons are often made without a lot of thought given to other options. Usually, people assume that the only choice is 100% cash or 100% food, while in fact what they are often pointing to are advantages to each that would be best exploited by a combination of both cash and food.

Several key informants did suggest that the most effective response might have been a combination of food and cash.

The management costs of the project were relatively low and appear to have been a major advantage of the project for the Oxfam office. Because the project was quite small, many of the project's costs were absorbed by the office without being well accounted for, and it proved difficult to calculate the true cost of the project and give an indication of what it might cost to implement on a large scale. The roughly estimated cost of the project for permanent and temporary staffing and vehicles over the five months was calculated to be approximately \$15,000. The value of the cash delivered was approximately \$440,000. The total cost of the project was thus some \$455,000. This is extraordinarily low (3.3%), even for a cash transfer project, raising two questions: has the true cost been accurately assessed, and was enough invested in the project, for example in needs assessment, monitoring and management? It was beyond the scope of the evaluation to look in detail at the management of the project, but it appears that some of the weaknesses of the project might have been exacerbated by the absence of a specific, full-time manager.

Cost Comparison with Food Aid

The findings suggest that the cash transfer was typically used by the beneficiaries to purchase⁷ a very similar basket to that intended by food aid programmes (50kg cereal, 5kg pulses, 1l oil), so a rough comparison of cost can be made; however, the findings of the evaluation are imprecise as to how much food was actually purchased by the beneficiaries because of varying prices and the occasional availability of subsidised ADMARC maize. The table below suggests that there may have been a cost advantage to the cash transfer project; however, this must be treated with a great deal of caution. At the start of the project, when prices were lower, and when recipients were able to access some ADMARC food, there may have been a cost advantage to cash transfers. But as

⁷ See findings above for the details, but this was a combination of ADMARC and private traders

ADMARC supplies dwindled and import shortages drove private prices high, this advantage was probably lost.

	Prices		Final costs⁸	Food basket	Basket cost
Food aid			Maize \$347/M Pulses \$567/T	50kg maize 5kg pulses	2,990MK
Equivalent purchased privately	Mai ze Puls es <i>Private market price range during the project</i>	40-70MK/kg 45-65MK/kg	Purchase price plus 78MK/transfer	50kg maize 5kg pulses	2,303 – 3,928MK
Typical purchases	Mai ze Puls es	17MK/kg ADMARC 60MK/kg private 50MK/kg	Purchase price plus 78MK/transfer	25kg maize ADMARC 25kg maize private plus other food and non-food items according to needs	2,578MK
<i>Beneficiaries did not mention purchasing oil so this was left out of the food basket for comparison.</i>					

Comparisons such as this are always fraught with difficulties, especially due to the difference in scale between food aid programming and small cash transfer projects. While there are economies of scale with a large project, the reverse is also strangely true with very small projects. Oxfam did not carry out a large enough project with detailed enough accounting to truly know its actual cost; much of the cost of this project was absorbed

⁸ Based on figures supplied by WFP partner agencies, Oxfam and World Vision, which give a figure of some \$347/tonne for maize delivered to the beneficiary. This price includes the price of regional (South Africa) maize supply (\$273/T) and the WFP procurement, and local shipping and handling by the delivering agency (\$74/T).

into wider programming without being clearly accounted for, so it is very difficult to make comparisons even with Oxfam's own food aid programming. The price of food aid was hugely controversial in Malawi during this time, with a dual pipeline, one WFP and one government (supported by DFID), seemingly because DFID felt that the WFP pipeline was too costly. Obtaining the true costs of either of these pipelines proved to be extremely difficult. While Oxfam knew the costs of delivering the food from the final distribution point, it had no idea of the costs incurred by WFP in getting the food there. WFP also had great difficulty in supplying such a figure, though it was able to provide the procurement cost of the food.

5.7. Monitoring and Evaluation

Post-distribution monitoring surveys

For the most part, the detailed and systematic monitoring of the project did not deliver results in a timely enough way to influence critical elements of the project. The post-distribution monitoring reports and mid-term evaluation were not finished until long after these critical elements had finished.

The surveys for the post-distribution monitoring resulted in very large amounts of data of questionable usefulness, and which took a great deal of time to enter and process. Senior staff felt that, overall, the system had been too slow and late to have a considerable input to operations. At the time of the evaluation, after the end of the project, only the results of the first three monitoring samples were available (November, December and January).

The intent of the post-distribution monitoring system was for real-time evaluation and guidance to the project; however, the nature of the sampling was such that comparisons from month to month were hard to make, even if they were available on time. The sampling each month was not randomly selected from the entire population; a different set of villages was specifically chosen each time, making comparisons difficult. Each

monthly monitoring sample covered a unique set of villages, so differences in the results of each month's sampling cannot be attributed to either time or the project. They are possibly more attributable to differences between villages. Few of the villages were monitored more than once, and the results from those that were were not disaggregated.

This difficulty was not well understood by the monitoring team.

The monitoring team did do manual checks of the most critical criteria in the survey to inform the project of inclusion errors and distances walked to the cash points, which allowed important changes to be made to the implementation of the project.

Perhaps the single most important factor that a cash transfer project needs to monitor closely is the price of food. The MVAC warned that changes in staple prices would dramatically affect food security and would need to be monitored carefully. But such monitoring was not carried out in a systematic and detailed manner. The project would have benefited from a more systematic and detailed monitoring of maize prices and availability. Country-wide monitoring on a monthly basis by other agencies is not guaranteed to be precise enough to ensure that very localised prices are not causing problems,⁹ especially for a small project. The detailed and quantitative surveying by the PDM could have looked at the price maize and pulses were selling for following the cash distribution and followed actual beneficiary purchasing.

Situation Monitoring

The situation monitoring carried out by the Food Security Adviser and documented in Situation Reports, the Food Security Update December and the Mid-term Evaluation appears to have done a good job of collecting adequate data on the food security of the beneficiary population and of the strengths and weaknesses of the project. Most of the

⁹ The FEWSNET price monitoring reports were explicit in pointing out the limitations and weakness of their sampling.

problems identified by the evaluation after the project were in fact highlighted by these reports throughout the project. Unfortunately, the information does not appear to have been used to make changes to the implementation of the project. The mid-term evaluation carried out in January, for example, pointed out that the allocation of beneficiaries according to incorrect population data rather than needs was resulting in inclusion and exclusion errors. The report also highlighted that people misunderstood the criteria. The evaluation found it difficult to determine the reason for the apparent disconnect between monitoring and project implementation. Certainly, timeliness was a factor (the final paper version of the mid-term report was only completed at the end of the project), but producing a final document should not have been a barrier to communicating key findings immediately after the mid-term evaluation to allow changes to be made. The lack of detailed and systematic price monitoring certainly added to the problem, with many of senior project staff adamant at the end of the project that the price of maize had been stable throughout, despite Oxfam's own reports to the contrary. The 'contingency calculations' that were made early in the project constituted a good start for a contingency plan and implied that the project would adjust as food prices changed, but programme staff stated that this was purely a budgetary piece of planning rather than something to guide operations. One particular problem is that the project did not do a good job of capturing and documenting much of the analysis and decision-making that was being made during the project based on the qualitative data being captured by the project implementers – as it occurred, rather than at the end of the project. This would explain, for example, why the contingency plan for increasing the transfer size when maize prices increased was not carried out. This type of documentation is very important for a pilot project, and would have been very helpful for learning and guiding future projects. This will be discussed further in the conclusions below.

6. Conclusions

The findings of this evaluation point to the conclusion that, for the first two months of the project, the cash transfers were appropriate and effective, and may have had some wider positive impact. During the last three months of the project, the market failed to provide adequate maize to meet demand. A crucial difficulty in evaluating the project at this point was a lack of detailed assessments of food insecurity and the ‘food gap’ both before and during the project period. The annual and quarterly projections for the wider livelihood zone by the MVAC were insufficient to assess the missing food entitlement of the most affected people within any single TA for specific months. For this reason, it was difficult to assess to what extent the project was effective in providing for missing food entitlements.

Why was more detailed and systematic monitoring of the situation not carried out during the project? Why were appropriate adjustments not carried out? During the mid-evaluation meeting to present early findings of this evaluation, some senior Oxfam staff were adamant that, while systematic documenting and monitoring of the situation was weak, they nonetheless knew that the situation was under control. The conclusion of the evaluation is that the Oxfam management team was experienced enough and able to read the most crucial food security indicators sufficiently well to see that the situation in TA Kapichi did not justify significantly more attention and effort.

This raises the issue of the actual level of need in TA Kapichi and the need for detailed assessment at the planning stage of the project. As the project encountered a context far outside its planning scenarios, with food prices going far beyond the project design; as the allocation of beneficiaries from village to village was so varied, irrespective of need; and as Oxfam was the only source of assistance in the area, it is certainly open to question whether an acute food crisis actually occurred. Had Oxfam carried out a more thorough assessment of food security in the TA this question might have been answered more clearly.

The targeting and distribution of the project, and the monitoring and evaluation data regarding sharing, show that the blanket distribution of cash had inequitable effects on household food security. Small, better-off, families received cash transfers that benefited them very greatly beyond food, in this case allowing them to cope with the small amounts of rationed subsidised food and leaving them with significant money to spend on other items, even sharing cash with other households and in some cases spending it on hiring labour, possibly with significant long-term effects on food security. Large, poorer families had to spend all of their cash transfer on food, purchasing what subsidised food was available and spending the rest on expensive, privately traded food.

Rather than an emergency life-saving response, the Oxfam cash transfer project may better be seen as an effective project to protect the livelihoods and thus the future food security of the communities in TA Kapichi, who were clearly facing a very difficult period. The overwhelming majority of the beneficiaries preferred the cash transfers over the food aid projects running in neighbouring areas, despite the very high prices and shortages of maize in the markets; however, this needs to be treated cautiously as the food aid beneficiaries had a similar positive opinion of the assistance they received (preferring food aid to cash transfers despite that programme's difficulties), and there was an element in each case of informants wanting to give polite and positive answers. The cash transfers enabled recipients to access amounts of food roughly comparable to the food aid baskets, and thus appears to have been similarly effective in addressing food security requirements. The cash also allowed them flexibility to purchase other essential items, such as other foods, health care, casual labour and agricultural inputs. The project also appears to have had an impact on education by enabling children, particularly orphans, to attend school, simply by providing them access to food.

The project was undoubtedly efficiently delivered in a timely and careful manner that was very well appreciated by the beneficiary communities. One clear reason for the smoothness of the project was that Oxfam had been working in the area for a considerable time and had experience with and the trust of the communities in which the

project was carried out. The cost to implement the project was relatively low, but this is largely due to its small size in comparison to the rest of Oxfam's programming and thus the project may have considerably 'externalised' its real costs into the overheads of the country programme. Rough estimates suggest that the project may have had a cost advantage over food aid.

The efficiency and simplicity of the project, the satisfaction of the beneficiaries with it and the evidence of short-term positive impacts on food security make a case for future consideration of cash-based emergency responses to food insecurity in Malawi. However, the questions raised by the project about markets and food prices demonstrate the need for caution and the clear recognition that cash transfers must be considered on a case-by-case basis, and seen as only one of many options for an overall response programme. With respect to long-term social safety nets, the project was too small and limited to allow for significant conclusions. The project was slotted into existing Oxfam capacity, without additional management staff and using the regular finance staff to deliver it, making analysis of true costs and projections for 'scaling-up' and designing a larger, longer-term programme impossible. However, the experience did show that people spent money wisely, which is a significant issue in the debate regarding social safety nets and cash transfers.

Recommendations

1. It will be useful to compare the project with other cash transfer responses carried out in the country, especially the Concern Worldwide project. Particular attention should be paid to varying the value of the transfer according to family size and the price of maize.
2. Consideration should be given to continuing cash responses well into the harvesting period, at which time maize prices are at their lowest and people without cash incomes are forced to sell their harvest at this low price. Providing

- cash during this period would enable them to save their harvest for sale or consumption later in the year, when prices are higher.
3. Detailed food price and expenditure monitoring must be an integral part of cash projects. Quantitative surveys are useful but must be capable of giving rapid and immediate results; they must be simple, fast and effective. They should only be carried out if they can be processed in a timely and useful manner, and provide valid statistical results. Questionnaires need to be rigorously field tested, databases set up in good time, and sampling methods carefully considered. Regular monitoring using qualitative methods such as focus group discussions and in-depth household economy interviews should not be overlooked and should always be used.
 4. National monitoring such as the MVAC carries out does not contain detailed enough information to guide projects at the village level. Without Oxfam's own assessments, the monitoring data was quite difficult to use to determine changes during and attributable to this project. It would be best to undertake a thorough assessment of household food security in the target area before the start of such a project. Such assessment must provide enough information and detail about needs to give clear selection criteria for targeting. It must also provide adequate analysis of markets, including local, national and regional, to allow decisions to be made about the most appropriate choice of responses and provide the framework for thorough and detailed market monitoring to guide whatever responses are implemented.
 5. Cash-based responses to food insecurity must include significant flexibility in budgeting with considerable contingency considerations. But contingency planning must be based on detailed operational considerations; indicators, triggers and thresholds need to be designed, monitored, and acted upon in good time, and plans must include possible changes to the nature of the assistance, e.g. delivering food-aid if necessary.
 6. Complementary projects should be considered to go with emergency programming that would support longer-term livelihoods and food security

recovery. The advantage of already working in an area prior to an emergency should be fully exploited to connect emergency responses to new or restarted development programming.