

# The Impacts of Malawi's Social Cash Transfer Programme on Community Dynamics

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**Malawi's Social Cash Transfer** (SCT) programme was launched in Mchinji district in 2006. The programme provides regular cash payments to ultra-poor and labour-constrained households. It seeks to reduce poverty and hunger; increase school enrolment and attendance; and improve the health, nutrition and well-being of vulnerable children. Operated by the Ministry of Gender, Children and Community Development, the programme had reached approximately 30,000 households in seven districts by August 2013 and is expected to serve 300,000 households by 2015.

SCT households receive a bimonthly allowance of between USD4.60 and USD11.00, with the maximum payments going to households with four or more members. This basic allowance is topped up by an additional bimonthly bonus of USD1.40 for each child enrolled in primary school and USD2.80 for each child in secondary school. The SCT programme is implemented by District Social Welfare Offices and Community Social Support Committees (CSSCs).

## The evaluation

This brief draws on data collected during qualitative fieldwork in March 2014 as part of a broad impact evaluation of SCT by the University of North Carolina, UNICEF, the Center for Social Research and the Food and Agriculture Organization of the United Nations. Salima district in the central region and Phalombe in the south were sampled for the study. Research methods included key informant interviews, household case studies and focus group discussion using tools such as social mapping, livelihood analysis, institutional analysis and household income and expenditure analysis.

## Impacts

**Impact on the household economy** – The SCT is an important source of income, particularly for elderly beneficiaries. Reducing the need to engage in short-term rural labour or *ganyu* work has been a major benefit for some households. A number of beneficiaries were able to hire on-farm labour. Investments in off-farm small businesses were common, particularly in well-connected areas. Many beneficiaries reported being able to invest in livestock, particularly chickens and goats. SCT beneficiaries spent much of their income on widening the variety of purchased foods, including eggs, meat and beans. Delayed payments limited this effect, however. Many families reported that they were able to enrol their children in school after starting the programme. Some beneficiaries used the money to renovate their home or buy clothes, reducing visible signs of poverty and enhancing their dignity. While adult members of households typically made decisions together, the SCT did not seem to affect decision-making patterns or traditional gender norms. The SCT reduced negative risk-coping strategies, such as absenteeism and withdrawing children from school; however, a payment delay in 2013 left some families unable to pay for school and reverting to depending on their children to supplement incomes.

**Impact on the local economy** – The SCT programme had a positive effect on the market economy, particularly around payday, and improved labour opportunities, since some beneficiaries were able to hire farm workers. Nevertheless,

the multiplier effect on local goods, services and labour markets was modest, largely because beneficiaries made up a small proportion of the population. The programme does not appear to have had much impact on local inflation. The SCT programme increased the creditworthiness of beneficiaries, although payment delays eroded the trust of some vendors. In addition, beneficiaries tended to be risk-averse and reluctant to take loans due to the uncertainty of payments. A few did contribute to, or take loans from, village savings and loans schemes.

**Impact on social networks** – The SCT beneficiaries gained access to networks requiring financial contributions. However, communities often excluded beneficiaries from other social programmes for equity reasons, despite this not being official policy. While some personal ties may have been affected by jealousy, the SCT generally promoted new ties, closer relationships and stronger support networks among beneficiaries. Despite little change in their formal standing in the community, the SCT beneficiaries felt greater dignity due to their increased well-being.

## Conclusions

The CSSCs are critical to the success of the SCT programme. These mostly voluntary committees provide information on payment schedules and advise households how best to use the cash transfers. Strengthening the committees and providing them with material and technical support, including training, could be an important incentive.

The SCT programme cannot permanently raise the living standards of vulnerable households on its own. Fragmentation of complementary social services, such as agriculture, health and education, limits their potential to achieve sustainable improvements in livelihoods and well-being. Better integration of the SCT programme with other social initiatives will help maximise overall impacts.

Unpredictable transfer payments jeopardise household planning and the well-being of cash-dependent beneficiary households. Inconsistent payments threaten the credibility and authority of the CSSCs. Ensuring regular and predictable cash transfer payments is vital to the success of the SCT programme.

A strong monitoring and evaluation system is needed to track the status of beneficiaries, including their entry and exit from the SCT programme. The programme is currently finalising a strategy for common institutional arrangements at district level, including a single management information system. This should enhance programme monitoring, ensuring that beneficiary households receive their entitlements at the appropriate time.

## Reference:

Oxford Policy Management (2014). *Qualitative research and analyses of the economic impact of cash transfer programmes in sub-Saharan Africa: Malawi Country Case Study Report*. PtoP project report. Rome, Food and Agriculture Organization of the United Nations.

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