



MALAWI SOCIAL CASH TRANSFER PROGRAMME (SCTP)

Longitudinal Impact Evaluation Midline
Key Findings



DECEMBER 2024



■ Background and Study Design

This evaluation brief provides key findings from the midline data collected in 2024 as part of the SCTP long-term impact evaluation (IE), following baseline data collection in 2022.

The objectives of the long-term IE are to:

1. understand the impact of the programme on current beneficiaries across social, protective, productive and resilience domains,
2. understand what happens to households that exit the programme, whether they can sustain the standard of living they achieved while on the programme or whether they fall back into ultra-poverty.

The study employs a mixed-methods longitudinal design, combining both quantitative and qualitative components. The quantitative component involves a household survey administered to four distinct groups in three districts—Balaka, Dedza, and Nkhata Bay—at two-year intervals over a ten-year period.

The four study groups are:

- 1 **New entrants** - households recently assessed and found newly eligible for the Social Cash Transfer Programme (SCTP);
- 2 **Exiting households** - households reassessed and determined to no longer meet the eligibility criteria for the programme;
- 3 **Continuing households** - households reassessed and confirmed to remain eligible for continued participation in the programme;
- 4 **Comparison group** - households identified as 'pre-eligible' and currently on the waiting list for programme enrollment.

The qualitative component comprises in-depth interviews with continuing and exiting households as well as key informant interviews with stakeholders involved in programme implementation.

■ Impacts of the Social Cash Transfer Programme (SCTP)

Impact estimates are based on a comparison of changes over time between new households and those on the waiting list.

The SCTP significantly improved overall consumption per capita, food consumption, food security, and reduced the ultra-poverty rate. Programme recipients realised an improvement of 10 per cent in consumption per capita and food consumption over what they would have realised without the programme. There was a reduction by 8 percentage points (pp) in households worrying about food. The improvements in consumption generated by the programme resulted in a seven percentage point decrease in the ultra-poverty rate (Figure 1).

Financial inclusion among programme recipients increased. The programme led to an increase in the proportion of new households with cash savings and membership in a Savings & Loan Groups (SLG) by 23 and 26 pp respectively—extremely large and important

effects. The proportion of households with an account in any financial institution increased by 18pp due to the programme, and mobile phone ownership also went up by 13pp due to the programme (Figure 2). At the time of data collection, Balaka implemented mobile payments while Dedza and Nkhata Bay had manual payments. Consistent with these operational differences, mobile phone ownership rates are much higher in Balaka (81per cent) relative to the other two districts¹ where it is just 25 per cent.



Like I said, I did not have anything in the past but now I own livestock like chicken through the social cash transfer, the challenge of having livestock is over because of the cash transfer. Right now, I have managed to hire labor, and they have made bricks for me waiting to burn them."

– 35-year-old, New IDI female beneficiary, Balaka

FIGURE 1

Impact on Consumption and Poverty (per cent or percentage points)

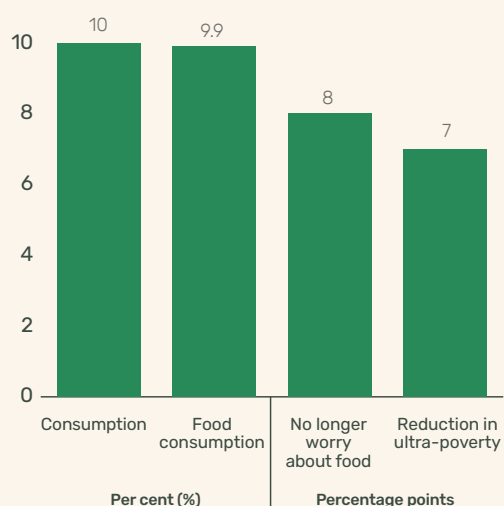
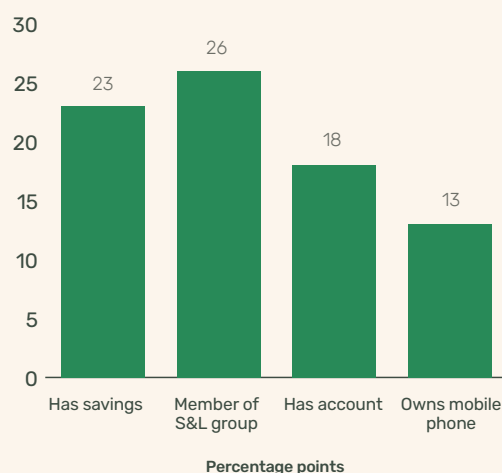


FIGURE 2

Impact on Financial Inclusion (percentage points)



¹ Dedza and Nkhatabay will have the e-payment modality by 2026.



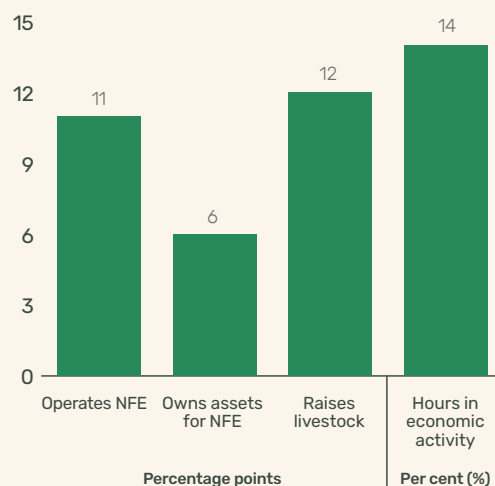
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The SCTP allowed new households to diversify their livelihood strategies and reduce their dependence on agriculture. A key illustration of this is the significant increase, by 11 pp, in the proportion of households who now operate a non-farm enterprise (NFE) and a smaller (but still statistically significant) increase of 6pp in households who own an asset dedicated to their NFE. The programme also led to a rise in the proportion of households who raise livestock by 12 pp. With this expansion of new livelihood sources, overall hours spent on economic activity by household members increased by 14% (Figure 3), indicating that the cash performs an important 'crowding in' function by providing households with the liquidity to improve their overall economic activity.

The SCTP had significant impacts on the perceived stress and subjective well-being of household heads. New beneficiary participants reported reduced financial stress because SCTP cash enabled them to acquire food, basic needs and when opportunities were

FIGURE 3

Impact on Livelihoods (per cent or percentage points)



not available, they had some money to survive on. The SCTP led to a significant reduction in the perceived stress² by 5 per cent and an increase in quality of life³ by 12 Per cent.

Overall impacts on children's health and schooling were limited. There were no statistically significant impacts on school enrollment or temporary withdrawal from school, though there was a positive impact on the proportion of preschool children eating vitamin A-rich foods in the past day (9pp).



We were stressing about that [food shortages]. Currently, I would say the stresses are easing since after receiving [the SCTP money] we buy one or two buckets of maize while looking for other opportunities.”

– 52-year-old, New IDI female beneficiary, Balaka

² https://scholar.harvard.edu/files/bettina.hoepfner/files/perceived_stress_scale_pss-10.pdf

³ https://cdn.who.int/media/docs/default-source/publishing-policies/whoqol-bref/english_whoqol_bref.pdf?sfvrsn=3facbb3b_1

■ The Impact of Exiting the SCTP

The retargeting assessment has provided a unique opportunity to observe whether households that exit the programme can sustain their previous standard of living. We estimate the 'impact' of being removed from the programme by comparing the change over time between households who exited the programme and those who were retargeted and remained in the programme.

Households that exited the programme experienced a significant drop in consumption and food security, and an increase in ultra-poverty rates. Those who were retargeted and remained in the programme (also referred to as continuing households) have total consumption per capita and food consumption that is 15 and 9 per cent higher than those who exited the programme and were 10 pp less likely to worry about food (Figure 4). Consequently, the ultra-poverty rate among exited households is now seven pp higher than for those who continue to receive the SCTP. This increase in ultra-poverty is exactly equal to the reduction in ultra-poverty stemming from new households entering the programme, implying that the overall net change in ultra-poverty is zero, with new entrants into the SCTP being replaced by exited households.

Financial inclusion among exited households has significantly deteriorated relative to continuing households. Removal from the programme has had an immediate negative effect on financial inclusion. Exited households are 21 pp less likely to hold savings, 24 pp less likely to belong to an SLG, and 23 pp less likely to have an account with a financial institution (Figure 5). They are also 19 pp less likely to own a mobile phone,



FIGURE 4

Impacts on Consumption and Poverty (per cent or percentage points)

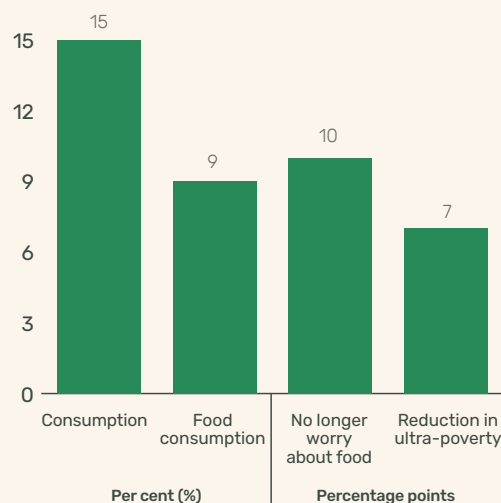
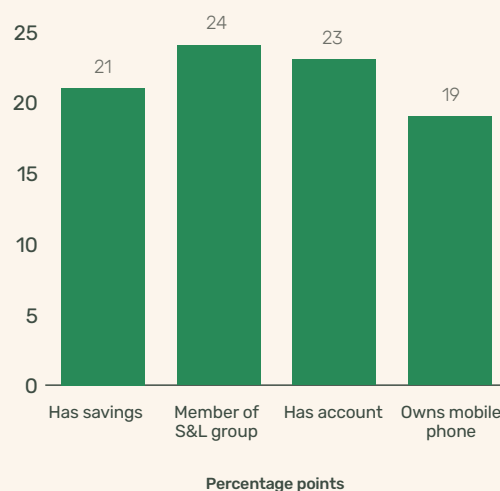


FIGURE 5

Impact on Financial Inclusion (percentage points)

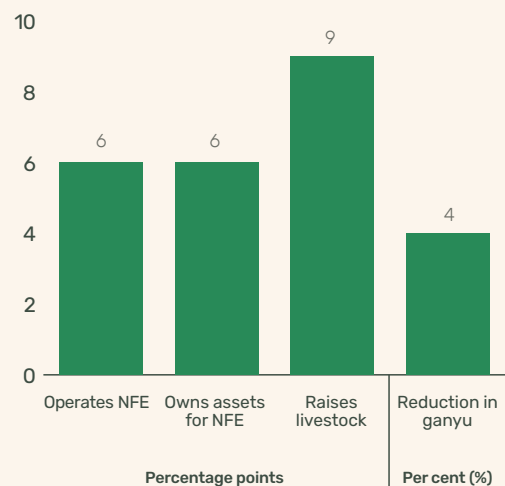


Exiting the programme has had a detrimental impact on economic security. Continuing households are more likely to operate a NFE (6pp) and to own assets dedicated to the NFE (6pp) relative to exited households. They were also more likely to engage in livestock rearing (9pp) and are less likely to rely on ganyu labour (4pp), and their overall time spent in economic activity was 20% higher than in exited households. The qualitative interviews confirm the pressure that exited households face in terms of sustaining their businesses or investing in new economic opportunities, leading them to fall back on farming and ganyu labour as income sources.

Household heads in exited households experienced an increase in stress (by 5%) and a reduction in quality of life (12%) relative to continuing households. However, there were no differences in the health status of household heads or children across the two study groups. In terms of schooling, exited households were more likely to temporarily withdraw their children from school by 7pp, and school enrollment was also slightly lower by 4pp.

FIGURE 6

Impact on Livelihoods (per cent or percentage points)



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SCTP has helped us to buy things we previously didn't have, like a bed [and] mattress. We have also bought livestock through the programme, which we sell and get money and food"

– 42-year-old Continuing FGD Female Beneficiary, Balaka



[Paying for] primary school is possible because the amount we pay is little, like MK 1,000. But in secondary school, the amount is high. One cannot work on 'piecework' to make MK 40,000, as it is too high."

– 43-year-old Exited FGD Female Beneficiary, Balaka

■ Conclusions and Recommendations

- ☑ **Impact of SCTP on new households:** The programme has had a strong positive impact on consumption and food security, livelihood empowerment and financial inclusion. Impacts are weakest around health and schooling. One recommendation then is that the programme could work more closely with the education and health sectors to ensure that SCTP households can access these services, particularly schooling for children.
- ☑ **Continuing households struggle as the real value of cash transfers decreases;** financial stress persists due to the erosion of the transfer's value and increased commodity prices. To better meet the needs of beneficiaries and enhance social, protective, and productive outcomes, the transfer value should be maintained in real terms. This would help alleviate financial stress and improve the overall impact of the programme on household well-being.
- ☑ **Impact of exiting the programme:** The fall in living standards of exiting households is large and warrants urgent attention. After receiving transfers for up to six years, these households are unable to sustain their previous standard of living upon leaving the programme. This can be explained by the fact that the SCTP purposely targets households that are labour-constrained and unable to maintain themselves. Exited households were likely those that used the cash to improve their roof or floors, or to purchase a mattress, table or chair. This in turn raised their PMT score, which captures housing characteristics and ownership of domestic assets rather than economic potential or income earning capacity, and led to their exit, even though their fundamental viability as an economic unit had not changed.

The recommendation is to support beneficiaries in diversifying their income sources through training in various skills and providing resources for small business ventures, especially for young members of beneficiary households (not necessarily the designated recipient). This can help create more stable



and resilient households, enhancing their productive outcomes. Furthermore, exited households should be purposefully targeted to receive other forms of support, or to receive services that can improve their economic productivity in a sustainable way.

- ☑ **Ensuring a smooth transition for exiting households:** The process of transitioning out of the programme can also be improved. Qualitative interviews indicated that households were not aware that they would be exited out of the programme. The retargeting process itself remains opaque in the eyes of the community, who previously had a more active role in the targeting process. Clearer communication about the eligibility criteria and retargeting process is recommended, as well as clear reminders about the length of time households can expect to receive support.

The next midline of this longitudinal impact evaluation will take place in 2026.

Malawi Government

Ministry of Gender, Community
Development and Social Welfare
Capital Hill, City Centre,
Private Bag 330,
Lilongwe 3, Malawi

Tel: +265 1 770 411 / 736
www.mtukula.com

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Ireland

