

Economic Evaluation of the Mchinji Cash Transfer


Preliminary Findings

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*Collaboration between Boston University and
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MCHINJI CASH TRANSFER




Malawi Social Cash Transfer Scheme

- Part of National Social Protection (Welfare) Policy (*draft*)
- Operational in 7 districts, reaching 13,000+ households
- Implemented by Government; funding Global Fund, UNICEF contributions
- Scale to all districts (300,000 households) at US\$60 million by 2012
- Targeted to
 - Ultra poor (lowest expenditure quartile, one meal a day)
 - Labor constrained (no able-bodied adult (19-64); dependency ratio <3)





External evaluation found following impacts (SCTS recipients vs. non-recipients)

- Gains in anthropometry and height among children
- Gains in school enrolment, reduction in absences, greater expenditures on education
- Reductions in children working outside the home
- Gains in use of health services
- Dramatic improvements in food security and food diversity
- Gains in asset accumulation (household items, livestock, assets)
- Interruption of intergenerational cycle of poverty
- Important impacts on PLWHA




Draft manuscripts available at <http://childresearchpolicy.org/>



What about economic growth?


Background motivation for study

- Cash transfers may
 - Stimulate livestock and asset accumulation
 - Increase agricultural production (purchase of fertilizers or labor)
 - Fund small business
 - Be spent in local markets among local businesses
 - Strengthen local businesses to withstand seasonal cycles
 - Stimulate demand for healthcare and education, leading to human capacity development
 - Be channeled as indirect protection to other destitute households through hiring labor, giving loans, sharing food, or informal transfers
- Still, dearth of evidence explaining how social protection strategies lead to economic growth
- Lack of evidence quantifying the 'returns' that can be expected for a given level of investment




Research Questions

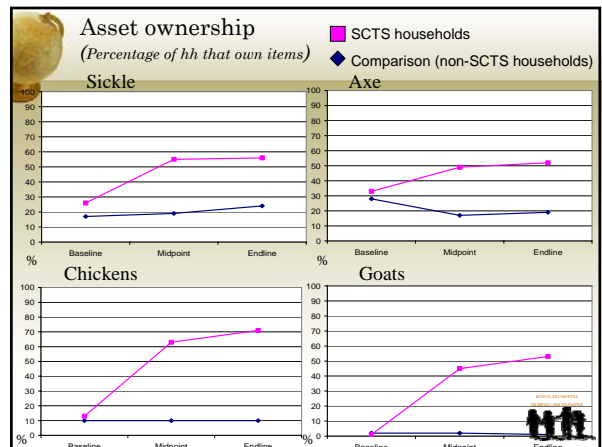
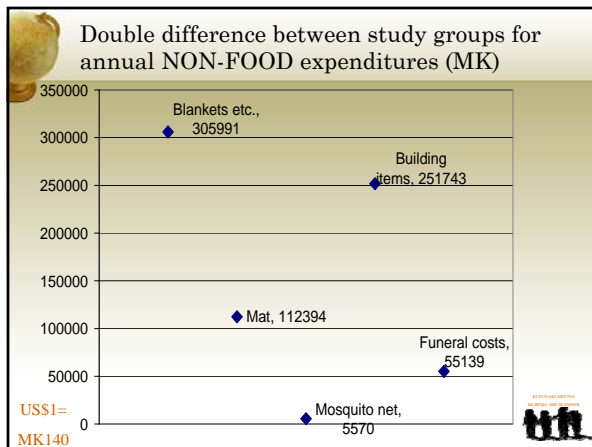
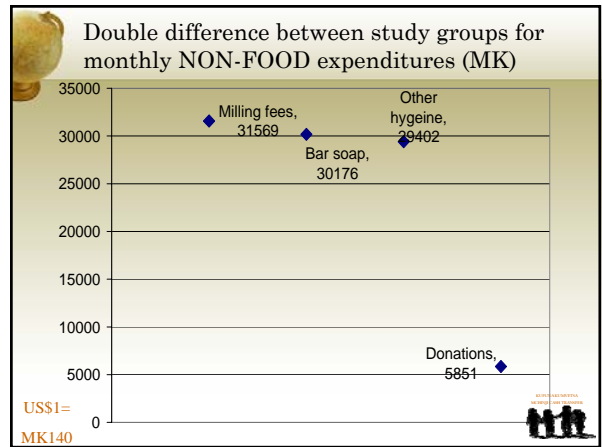
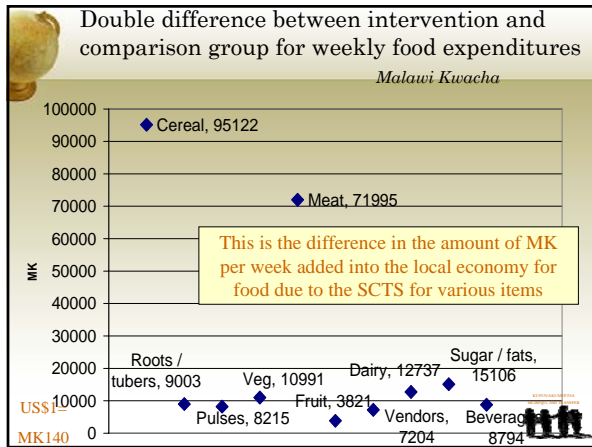
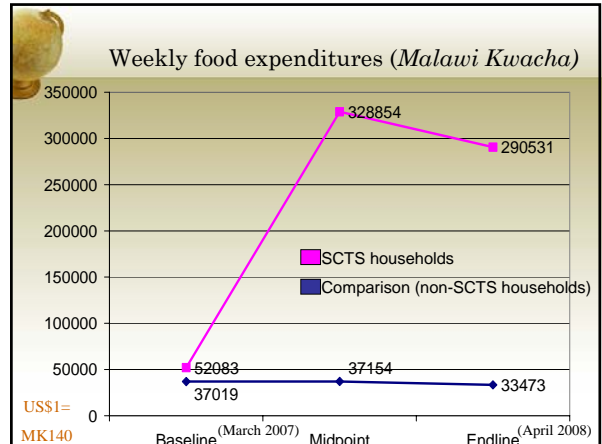
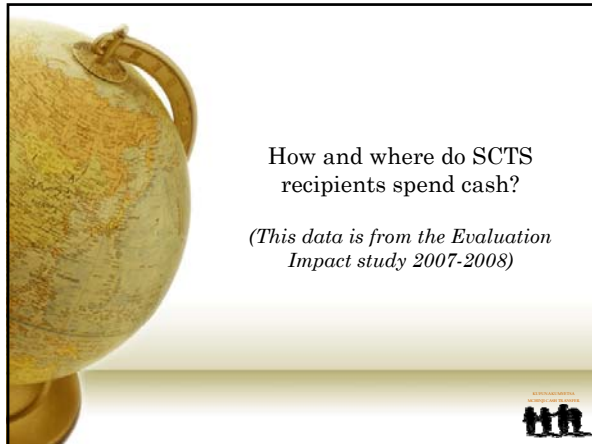
- 1) In a heavily impoverished rural setting, how and where do cash transfer recipients spend cash? (*Gaining deeper insights into where cash flows to will help explain how the transfer contributes to economic development at the local level*); and
- 2) Does the Malawian Social Cash Transfer contribute to poverty reduction within the wider community where the scheme is operational, thus contributing to the country's broader social protection goals of economic development and growth?

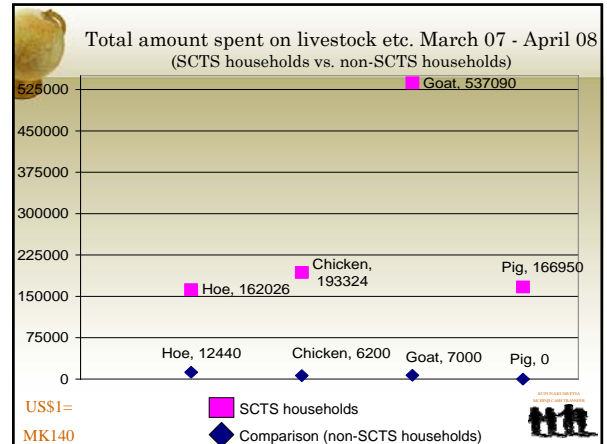
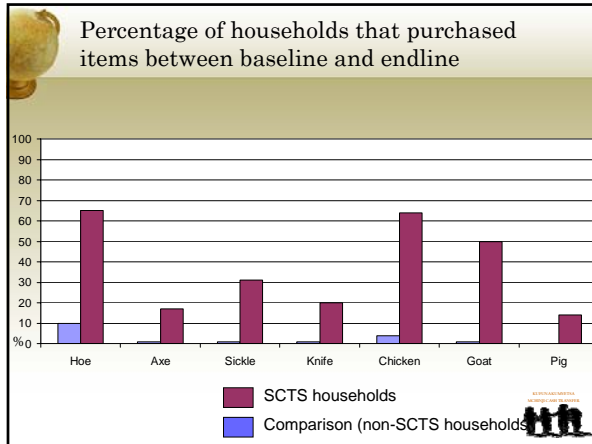


Economic Evaluation (*In progress*)

- Analysis of expenditures by business type
 - From Impact Evaluation (rounds 1-3) to determine how money is spent and which businesses get SCTS recipients' business
- Impact on local businesses
 - Listing of business owners and interviews
- Social network analysis of cash transfer recipients
 - To determine the type, value and frequency of inputs to family / neighbors
- Household listing and close examination of one village group (cluster of villages with households on SCTS scheme)
 - Survey and analysis of households that receive cash, employment, gifts or loans from cash recipients







Where recipients spend cash (Locally!)

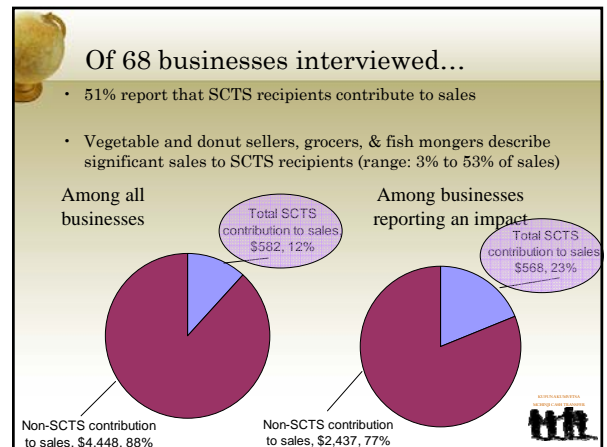
Respondents report that all purchases are made locally.

Food	Grocery at a trading center, local farmer, weekly market
Household items	Grocery at trading center, village market, weekly market day
Housing materials	Grocery at village market, grocery at trading center, weekly market day
Agricultural inputs	Local grocery, grocery at trading center
Clothing	Weekly market, grocery at trading center
Animals	Local farmers
Medication	Grocery at village market, private hospital, clinic
School / education supplies	Grocery at village market, trading center, school



In one village group (cluster of villages ~1000 households)

Type of business	Number of businesses in village group	Number interviewed	Number reported that SCTS recipients contribute to business sales
Grocery / hawker	33	10	8
Tea room	3	1	1
Flitters / doughnuts	40	9	4
Kachasu / beer seller	51	10	1
Vegetable / produce seller	75	17	12
Fish monger	9	4	2
Second hand clothes	5	1	0
Bicycle repair	26	5	1
Hardware / general dealers	4	3	1
Houseware / utensils	8	3	1
Butcher	4	0	0
Bicycle taxi	9	0	0
Other	16	2	2
Total	283	65	35



Business owners affected by SCTS

Business owners report the following:

- Wide variation in the degree of SCTS impact on businesses
- Decrease in begging among recipients
- Comfort with giving credit to recipients
- Greater profits during paydays
- SCTS pay-points are “a market place” on pay days
- SCTS recipients now buy goods they would not otherwise buy
- SCTS provides consistent income to businesses even in rainy season
- SCTS improves the circulation of money through the village
- Some now have capital to expand
- Some able to purchase more items for their own household
- Business would suffer if the SCTS ended
- Owners mentioned several months when SCTS recipients did not receive transfer -- lack of payment negatively impacted business



Social Network Analysis of SCTS recipients



Interviewed 93 SCTS beneficiaries

- 87% report providing inputs to non-recipients in at least one month over past 6 months *July 2008 – January 2009
- Value of inputs ranged from MK50-MK5,000, mean=MK696, median=MK500
- Inputs:
 - 47% employment
 - 31% food
 - 9% loans
 - 7% cash
 - 6% other gifts
- Over past 6 months, on average recipients provided inputs to 2.63 households (range 0-10)
- Family members received inputs in 85% of cases
- In 59% of cases, recipients of inputs begged for assistance



Burden or blessing?

- More than 50% provide inputs valuing only 5% of monthly transfer
- About 90% provide inputs valuing less than 17% of monthly transfer
- Employment is number one input so SCTS beneficiaries receive labor to till fields, fix housing etc., while helping family and neighbors



Indirect impacts among households in one village group

Indirect impacts: Study site

- Village group of 49 villages, 1,063 households
- Average village group for district (economically, demographically)
- Household size 5.2 people
- 16% households labour constrained
- Food insecurity significant
 - December 35%, January 62%, March 21% consumed one meal per day
- Cash transfer began in 2006
 - By 2008, 106 households or 10% are recipients)
 - Still 53 more households labour constrained and ultra poor



Among households in village group

Households report receiving indirect inputs from SCTS recipients:

N=952 non-SCTS households	December	January	March
Any input*	19%	15%	12%
Food	6%	4%	3%
Gifts	4%	1%	4%
Loans	4%	2%	4%
Employment	12%	10%	6%

*Could be getting one or more input



Level of poverty among households

- Among all households interviewed
 - 62% beg for food or money
 - 9% sell household items for money
 - 42% have children work for money
 - 1% steal for money



Households receiving inputs from SCTS in any month from December to March (n=170)

- Out of 1083 people in households aged 6 - elderly, 54% reported doing ganyu
- Out of 1083 people, 27% of those doing ganyu did it for a SCTS household
- 39% of households have borrowed from SCTS beneficiaries
- Gifts received include
 - Food, soap, clothing, firewood, cash, money for hospital



Households used inputs from SCTS beneficiaries to:

Activity	Percentage of households that did activity:
Improve housing	10%
Purchase household items	11%
Purchase productive assets or livestock	7%
Pay for school expenses	6%
Pay for health expenses	12%
Pay for milling fees	21%

Purchase food: maize, bread, casava, potato, groundnuts, beans, cabbage, rape, tomato, pumpkin, fish, beef, goat, banana, cooking oil etc.



Impact of SCTS input (perceptions from respondents)

Since you started receiving the cash input....	Percentage that say activity is more likely since receiving direct inputs
Children missing days of school	10% (14% less likely)
Children being enrolled in school	14%
Children working for income	16%
Seeking healthcare when an adult is sick	47%
Seeking healthcare when a child is sick	45%
Eating higher quality foods	31%
Improving housing condition	18%
Tilling fields	3%
Jealousy from neighbors	13%
Begging	16%
Planning for future	7%
Saving for future needs	5%




Summary



Major Findings: *(still preliminary)*

- About 90-95% of cash transfer money is fed back into local economy through purchase of
 - Food
 - Household items
 - Services
- Many businesses benefit through increased sales, which smooth seasonal cycles; they build capital and rely on increased profits
- Cash transfers recipients indirectly support family members outside of the household through labor, gifts, loans
- Households that receive indirect inputs are able to purchase food, household items, healthcare etc.




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