

About Concern

Concern Worldwide is a non-governmental, international, humanitarian organisation dedicated to the reduction of suffering and working towards the ultimate elimination of extreme poverty in the world's poorest countries. Concern Worldwide's programme commenced in Malawi in 2002 and currently focuses on institutionalising CTC, livelihoods support and emergency preparedness and response. To find out more visit www.concern.net

Abstract

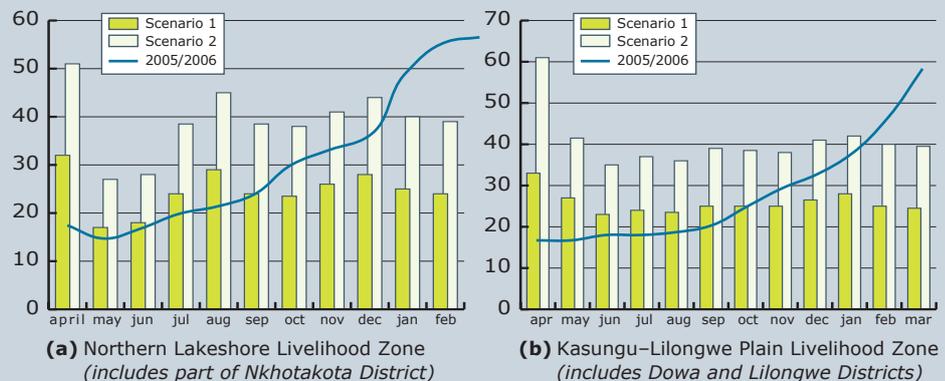
In recent years, development practitioners and academics have begun to suggest that cash transfers are an appropriate response to reducing vulnerability to food and livelihood insecurity in southern Africa. To demonstrate this dynamic, in 2005 to 2006 Concern Worldwide planned and implemented an emergency response to a hunger crisis in Malawi that included cash transfers to the affected population.

As this was a pilot programme aimed at evidence gathering as well as mitigating the effects of the food shortage, Concern undertook high quality M&E data collection and analysis, case studies and an external evaluation led by Stephen Devereux of ODI. The paper presented here summarises the results of this evidence gathering exercise, drawing recommendations for future cash based programmes.

Concern Worldwide's Food and Cash transfer (FACT) Programme

In 2005 and early 2006, Malawi suffered its second serious food crisis in four years, triggered by erratic rains that reduced the national maize harvest by 25% compared to 2004 (1.7m to 1.225m mt (FEWSNET April 2005, 1)¹. The agricultural marketing year in Malawi officially begins on 1 April and ends on the following 31 March, or roughly from one main annual harvest to the next. The Malawi Vulnerability Assessment Committee (MVAC) initially forecast that between 4.2m and 4.6m Malawians (37–40% of the population), would need food assistance amounting to 270,000 – 414,000 mt maize equivalents, depending on food price trends. However maize prices continued to rise even after the import and delivery of humanitarian aid, a situation that led to MVAC to increase its estimate of Malawians 'at risk' to 5.5m (48.2% of the population) in December 2005.

Figure 1: Maize price predictions and actual



Source FEWSNET (March 2006: 5-6)

Although Concern was not part of the co-ordinated food aid programme initiated in 2005, the agency monitored the worsening situation and in November undertook a Rapid Food Security Assessment in its programme's areas (seven Traditional Authority areas [TAs] in Dowa, Lilongwe and Nkhotakota districts). The survey found that very few households were receiving food aid and that many were resorting to negative coping strategies (reducing meals or selling livestock and assets). Furthermore, rapidly increasing food prices were further eroding households' capacity to meet food needs. This led Concern to the conclusion that "there is considerable need for urgent interventions that serve to address immediate hunger needs and protect households from further asset

¹ The agricultural marketing year in Malawi officially begins on 1 April and ends on the following 31 March, or roughly from one main annual harvest to the next.

depletion" (Concern Worldwide 2005a). In response to this report Concern initiated an emergency response intended to complement the general food aid programme. This programme was supported by Irish Aid.

Programme design

Concern elected to implement a cash-based programme as it was believed that this approach would empower beneficiaries by offering them choice, would be cost effective and would have a positive effect on markets. This was the origin of the 'Emergency Cash And Food Transfers for Livelihood Protection' project proposal, which became known as the 'Food and Cash Transfers' project (FACT). According to the project proposal, FACT had three objectives:

1. "To provide nutritional support to targeted households" that were not included in the government of Malawi's emergency response;
2. "To provide a temporary safety net to minimise the need of households to resort to destructive coping strategies during the lean period";
3. "To explore the effectiveness of cash transfers in addressing food insecurity in humanitarian emergencies in Malawi" (Concern, 2005b).

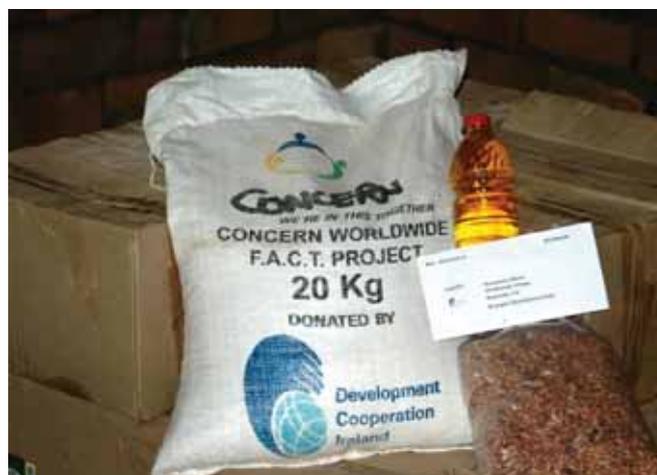
After undertaking a market assessment in November 2006, Concern was alarmed by reports that maize was becoming scarce in the programme area, and completely absent in some markets. In order to protect beneficiaries from market failure, Concern decided to meet half of the Missing Food Entitlement (MFE) with food and half with cash.

Table 1: Meeting household food entitlements

Household food production + income (50%)	Food (25%)	Cash (25%)
Food available to households, according to MVAC	Missing food entitlement, provided by Concern	

In addition to providing a mixed food and cash transfer, Concern implemented two other innovative design features. First, the amount of cash transfer was index linked to food prices; this was done by establishing the cost of the food ration in local markets. Linking the cash transfer was felt to be essential in maintaining the

beneficiaries' ability to purchase their food requirement. This approach proved to be essential in light of the exponential rise in maize prices noted in figure 1.



The Ration provided by Concern



A beneficiary receives her cash

The second design feature was to adjust the amount of cash transferred according to household size. Ideally the transfer could have been adjusted for each beneficiary's household size. But this was felt to be too complex to implement well in the short time frame available. However Concern was able to classify the households as either small (1-3 members), medium (4-6 members) and large (7 members +). This banding allowed the cash element to be adjusted with medium households receiving the 'average' transfer, small households receiving 75% less and large household's 75% more.

Table 2: Cash adjustment for household size

Household band	Adjustment from medium transfer (MK1,400)	FACT cash transfer (MK/month)	Household size	Percentage of MFE attainable (food + cash)
Band 1: Small household (1–3 members)	–75%	350	1	313%
			2	156%
			3	104%
Band 2: Medium household (4–6 members)	No adjustment	1,400	4	125%
			5	100%
			6	83%
Band 3: Large household (7+ members)	+75%	2,450	7	98%
			8	86%
			9+	76%

Table 2 shows how this adjustment brought most households close to 100% of their missing food entitlement. If the adjustment was not made (as in traditional food aid) single-member households would have received 500% of their requirement and large households 56% or less. Evaluators found that, although less than perfect, this approach was successful in terms of matching supply with requirement and thus more cost effective than traditional approaches.

Uses of the cash transfer

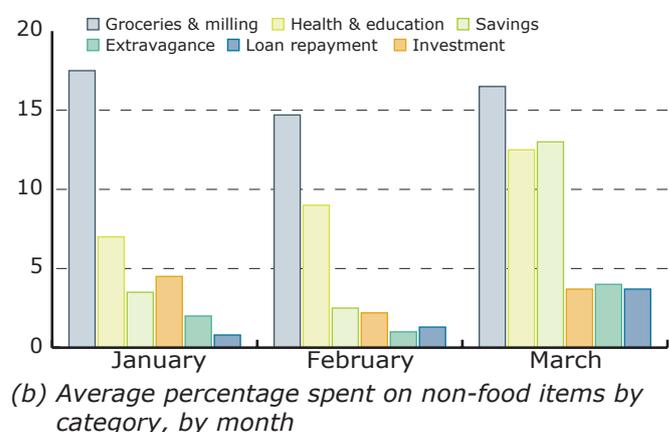
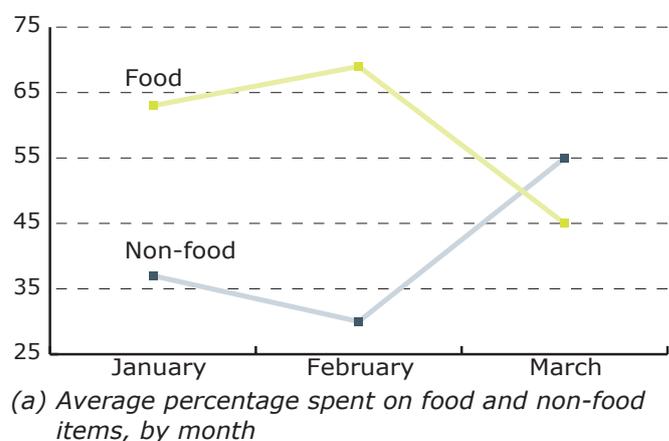
Post-distribution monitoring and evaluation (M&E) surveys found that more than 90% of the food was consumed, with the remainder either being saved or voluntarily shared. No evidence was found of beneficiaries selling or bartering their food ration.

Both quantitative surveys and external evaluations found that the bulk of the cash transfer (75.5%) was spent on basic needs: staple food and groceries (figure 2 and table 3).

What is also clear is that spending on staple food, although not on groceries, fell sharply in March and savings and non-food expenditure made up a higher proportion of cash use. This pattern indicates that as crops became available they were consumed by households who then used their cash for other activities. The variety of expenditure clearly illustrates the advantage of using cash as it offers households a choice that would be denied

to a food aid recipient unless they sold part of their ration.

Figure 2: Spending of FACT cash transfers on food and non-food items



Case studies and the quantitative surveys revealed that participants used several investment strategies to maximise their return from the cash transfer. The most common investment was in agriculture, to gain access to land or farm inputs, but also to pay for labour in labour-constrained households. Another form of investment was the accumulation of assets either to replenish assets sold earlier in the season or simply to build the asset base. Limited cases were reported of households using cash as working capital or start up for small-scale enterprises (Devereux et al., 2006).

Table 3 - Use of cash by households

Use of cash	January	February	March	Mean
Food	63.2%	69.4%	45.3%	59.3%
Groceries (including milling)	17.7%	14.7%	16.4%	16.3%
Health and education	7.4%	9.1%	12.6%	9.7%
Savings	3.3%	2.7%	13.3%	6.4%
Investment	4.6%	2.2%	3.5%	3.4%
Extravagant spending	2.1%	0.7%	4.1%	2.3%
Loan repayment	1.2%	1.0%	3.5%	1.9%
Other	1.7%	1.2%	4.8%	2.6%
Non-food (total)	36.8%	30.6%	54.7%	40.7%

A number of beneficiaries noted that they used the cash to meet social obligations or to repay debts. At this time of year it is common for households to run up high interest debts that absorb a significant part of their income from their harvest. The inability to meet social obligations often leads to feelings of stigmatisation and exclusion that can be extremely distressing in a close rural community. The ability to meet these obligations thus considerably improved these households' wellbeing and contributed to their social capital.

Although not noted in the quantitative surveys, the external evaluation was able to identify cases of wasteful spending ranging from 'frittering away' small amounts of cash on soft drinks or tea, to gross abuse such as wasting an entire month's cash allocation on alcohol immediately after collecting the money. It is impossible to quantify the extent of this misuse of FACT cash, but it appears to have been limited, and in many cases individual or collective action was taken to minimise the damage to the affected household (Devereux et al., 2006).

Collecting cash transfers
at Chibweza

Economic impacts

As the FACT programme was humanitarian in nature the most significant economic impact issue was whether providing cash was as effective as a purely food aid programme in enabling households to access their missing food entitlement. To this end Concern's M&E surveys tracked three key indicators: number of meals per day; dietary diversity and a coping strategy index to monitor household food security. The three indicators were tracked against baseline data collected prior to programme initiation and a non-beneficiary control group. Results from the M&E surveys demonstrated

that the FACT programme had positive impacts on household food security, with the beneficiary group showing rapid improvement and diverging from the non-beneficiary group across all three indicators. "This evidence shows convincingly that FACT transfers protected food consumption in beneficiary households against the rationing and hunger that non-beneficiary households had to endure in early 2006. The injection of food and cash into beneficiary households

protected them against the consequences of crop production failure and food price seasonality, while non-beneficiary households were exposed to the fullest extent" (Devereux et al., 2006). In addition the external evaluation found that the beneficiary group tended to borrow considerably less money than non-beneficiaries, indicating that the programme insulated poor households from having to take on economically damaging levels of debt.



One of the most significant risks of cash-based responses is where they create a demand that the local market cannot meet, thus causing inflation. Even though prices rose throughout the programme period there is no evidence that FACT was the cause, as the scale of the programme (5,050 households in seven TAs) was too small to have significant impact even on local markets. However, as cash transfers are expected to have positive effects on markets, it should also be noted that there was no evidence of market stimulation or other positive market feedback from the intervention.

One significant indirect impact of FACT was on the local labour market, especially on the availability of casual farm labour (ganyu) on which many poor households depend during the 'hungry season'. The food and cash provided by Concern allowed beneficiaries to concentrate on their own production, increasing the opportunities for non-beneficiaries to find ganyu. Another finding was that labour-constrained beneficiary households used a portion of their cash to pay non-beneficiaries to work for them, thus increasing the total amount of ganyu available.

Social impacts

To reduce the level of intra-household conflict, Concern elected to remit the cash transfer to the head of household rather than to women, even though the latter is commonly believed to maximise expenditure on food. The evaluators found isolated cases where the men recipients had wasted the cash transfer on alcohol and other 'frivolous' spending, and recommended that future programmes be targeted exclusively at women. But evidence from households where ration cards were given to the wife, after previous transfers had been mishandled by the husband, showed that this led to arguments and even domestic violence. This indicates that simply remitting to women alone is not enough, but should also be linked with gender-awareness sessions. One gender dynamic that was encouraging was that 77.6% of male-headed households reported that they decided jointly with their spouse how they would use the money (Brewin and Gondwe, 2006).

External evaluators isolated a number of cases where the programme created/exacerbated intra-community tensions. These tensions focused primarily on the inclusion or exclusion of beneficiaries of Concern's ongoing

development programme. In some areas they had been included and in others excluded depending on community discussions held in each area. Both the inclusion and exclusion seemed to cause resentment in communities. This is most likely due to mixed signals sent out by Concern field staff as programme objectives shifted during sensitisation and targeting. It also highlights that care needs to be applied when a single agency implements both humanitarian and development work in the same area and time.

As approximately 25% of the targeted households were affected by HIV and AIDS, case study work was undertaken to ascertain if this group accrued any particular benefit from the intervention. The most significant advantage of the approach that the study highlighted was that it reduced the risk of transmission as female programme beneficiaries were 10% less likely to leave home to seek food, and in combination with the cash that reduced the pressure to resort to transactional sex (Keatinge, 2006). The study also found that the approach was successful in mitigating the effects of HIV and AIDS as it allowed those targeted to improve their nutritional status, enabled labour-constrained households to hire others to work their land and provided cash to cover transport costs for the collection of antiretrovirals from central hospitals.

Conclusions and recommendations

The external evaluation drew some concrete conclusions from the FACT programme and made recommendations for future cash based programming, including:

- In the context of a supply shortage in a well-integrated market, the evaluation endorsed the mixed food and cash transfer. It also noted that the decision to use cash food or a combination should always be based on a market assessment.
- The evaluation endorsed the banding by household size approach and noted this was more equitable than a uniform standard package, but went on to recommend that it be refined even further to actual household size or adult equivalent.

- The index linking of the transfer to food prices was highly commended as it maintained the beneficiaries' ability to meet their food needs even during a time of high inflation.
- It was recommended that the process of delivering cash be automated with the use of technology such as smart cards to develop a modality that could be scaled to a national level.
- Due to difficulties found with the targeting, the evaluators recommended that community-based triangulation targeting be strictly adhered to in future programmes and that some inclusion error (of local elites for example) be accepted, but that exclusion error be minimised.
- The allocation of ration cards to female household members was recommended as this is expected to reduce the chance of diversion to wasteful expenditure; however it was noted that to minimise intra-household conflict this be undertaken with some gender sensitisation.
- A key policy recommendation from the evaluation was the implementation of a regular national-scale transfer during the hungry season to dampen the maize price spike common during this time. This is an event that is one of the most significant shocks to poor households in Malawi year on year.

The future

In 2006/7 Concern Worldwide is operating a cash transfer in Dowa district utilising smart card technology in partnership with Opportunity International Bank, who provide a mobile ATM. DFID funds and supports the programme. The system utilises fingerprint technology operating as the pin number. Since December 2006 the programme has targeted over 10,000 households. A full external evaluation will be conducted in April 2007.

Concern Worldwide is a non-governmental, international, humanitarian organisation dedicated to the reduction of suffering and working towards the ultimate elimination of extreme poverty in the world's poorest countries. Concern Worldwide currently operates in over 30 of the world's poorest countries. Concern Worldwide's programme commenced in Malawi in 2002 and currently

focuses on institutionalising CTC, livelihoods support and emergency preparedness and support. To find out more about Concern Worldwide visit www.concern.net.

For the full report and additional documents on the programme link to;

<http://www.concern.net/overseas/countryprofile.ds2?CountryID=42§ion=cs&CaseID=48>

References

Brewin, M. and V. Gondwe 2006 "Food and Cash Transfers Project, Post-Distribution Monitoring Report", Concern Worldwide (Malawi)

Concern Worldwide 2005a "Rapid Food Assessment of Seven TAs In Lilongwe (Chitukula & Kabadula), Dowa (Kayembe, Chakhaza, Mponela & Dzoole) and Nkhotakota (Mwadzama Districts)": November, Concern Worldwide (Malawi), Lilongwe

Concern Worldwide Malawi 2005b "Emergency Cash and Food Transfers for Livelihood Protection: Project Proposal", Concern Worldwide (Malawi), Lilongwe.

Devereux, S., P. Mavula and C. Solomon 2006 "After the FACT: An Evaluation of Concern Worldwide's Food and Cash Transfers Project in Three Districts of Malawi, 2006" Concern Worldwide (Malawi)

FEWSNET January 2005-May 2006 "Malawi: Food Security Update". Lilongwe: Famine Early Warning Systems Network (FEWSNET) [monthly bulletins].

Keatinge, J. 2006 "Mainstreaming HIV Within a Humanitarian Response – A Case Study from Concern Worldwide in Malawi", Concern Worldwide



Other publications in this series

wahenga.briefs (English)

- wahenga.brief #1:** Community coping, vulnerability & social protection in Southern Africa
- wahenga.brief #2:** A review of social protection in southern Africa
- wahenga.brief #3:** Upwardly mobile: delivering social protection by cellphone
- wahenga.brief #4:** Politics and the feasibility of initiatives on hunger and vulnerability
- wahenga.brief #5:** The impact of food aid on grain markets in southern Africa: implications for tackling chronic vulnerability
- wahenga.brief #6:** Food aid in southern Africa: the WTO and beyond
- wahenga.brief #7:** Predictive performance of the 2005 Annual Vulnerability Assessments in Lesotho and Malawi
- wahenga.brief #8:** Testing an extended version of the Household Economy Approach in Zambia
- wahenga.brief #9:** Regional workshop on cash transfers in southern Africa

wahenga.briefs (Portuguese)

- wahenga.brief #1:** Gestao comunitária da crise, vulnerabilidade e protecção social na África Austral
- wahenga.brief #2:** Uma revisão sobre protecção social na África Austral
- wahenga.brief #3:** Cada vez mais móvel: distribuindo protecção social por telemóvel
- wahenga.brief #4:** Política e a viabilidade de iniciativas contra a fome e vulnerabilidade

wahenga.syntheses

- wahenga.synthesis #1:** Focus on Cash Transfers

wahenga.alerts - email notifications from www.wahenga.net

About the Author

James Davey is based in Lilongwe, Malawi and is currently employed by Concern Worldwide as their Emergency Co-ordinator. He has been working in the NGO sector for the last ten years in Africa and Asia. In addition to managing humanitarian responses and emergency preparedness planning for Concern, James has also held senior management positions and is experienced in operational control and supervision.

20 Girton Road, North Park, 3rd Floor, Parktown, 2193, Johannesburg, South Africa
Postnet 307, Private Bag X30500 Houghton, Johannesburg, 2041, South Africa
E-mail: rhvp@rhvp.org Tel: +27 11 642 5211 Fax: +27 11 484 3855 www.wahenga.net

Further information is available from www.wahenga.net or by contacting rhvp@rhvp.org.

Funded by



Implemented by

