Impacts of Malawi's Social Cash Transfer on Older People and their Households

A mixed method evaluation of the Social Cash Transfer and discussion of a universal old age social pension for Malawi

MALAWI NETWORK OF OLDER PERSONS' ORGANISATIONS
MANEPO

THE TRANSFER PROJECT

HelpAge International

HelpAge International is a global network of organisations promoting the right of all older people to lead dignified, healthy and secure lives.

The Malawi Network of Older Persons' Organisations (MANEPO) is the country's age network, an umbrella body for civil society organisations implementing programmes to promote and protect the rights of older men and women in Malawi.

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Executive Summary

It is increasingly recognized that social protection systems not only realize human rights to income security but are also effective mechanisms to foster national and human development, reduce poverty and inequality, and enhance resilience. Malawi is characterized by widespread and persistent poverty, growing inequality, limited resilience to shocks, and an urgent need to invest in human development. All these factors call for significant investments in building a comprehensive and nationally-defined social protection floor for Malawi, which has the capacity to ensure at least basic income security for all throughout the life-course.

Despite working all their lives and often performing important roles in society, most older Malawians live in chronic and deep poverty, with few savings and very limited access to pensions. Instead, Malawi's older people mainly rely on family-support, hand-outs, and subsistence livelihoods for survival. This lack of reliable income and social protection is especially concerning as ageing often comes with declining capacities to sustain productive livelihoods at a time when expenditures, especially on health care, rise.

High and persistent levels of informality, as well as widespread poverty, limit the scope for social insurance-based pension systems in many lower and middle-income countries, including Malawi. Recognizing those challenges, tax-financed social protection, and especially universal social pensions, are increasingly seen around the world as effective mechanisms to guarantee basic income security, wellbeing and dignity for older people. Recent years have consequently seen a significant increase in dedicated social cash transfers or universal old-age social pensions throughout the developing world.

Malawi's flagship social protection programme is the Social Cash Transfer Programme (SCTP), an unconditional cash transfer targeted to ultra-poor and labour-constrained households. The SCTP has been a life-line of support for many poor and vulnerable older Malawians and their households, which make up a significant proportion of SCTP recipients, as the programme's eligibility criteria are closely related to old age, such as disability, chronic illness and labour constraints. Since its launch in 2006, the impact of the SCTP has been rigorously studied and evaluations consistently find that the programme transforms the lives of beneficiaries, at least while they receive the transfer.

Given the importance of the SCTP in ensuring basic income security for Malawi's poor and vulnerable older people in the absence meaningful pension coverage, this study sets out to develop a more nuanced understanding of the SCTP's impacts when specifically targeted towards households headed by older people. Is Malawi's SCTP an effective mechanism to improve the lives, livelihoods and wellbeing of Malawi's older people and their households?

Evidence from qualitative and qualitative research in Malawi over 2014-17 confirms that the SCTP is an effective instrument to improve the lives and livelihoods of poor and vulnerable older Malawians and their households. The SCTP contributes not only to improvements in older people's subjective wellbeing, but also to substantial and statistically significant increases in overall household consumption, food security, ownership of assets, income and revenues, as well as improvements in children's education and provision of their material needs.

The impacts of the SCTP are largely similar between the full sample of SCTP beneficiaries and older people headed households. For instance, overall consumption increases by around 0.35 standard deviation units for both groups. Likewise, food security and subjective wellbeing are areas with the strongest impacts on older people headed households and are amongst the top three strongest impacts in the full sample of all SCTP beneficiaries.

While the impacts on older people headed households and the full sample of SCTP beneficiaries are largely similar, there are also differences. For instance, the financial and debt position of households in the full sample improves through the transfer, whereas there is no effect on households headed by older people. Neither the qualitative nor the quantitative study provides much evidence on why this is the case and further research would be needed to shed more light on the interplay between cash transfers and household finance of older people headed households in Malawi.

Rationale for a universal social pension

Having found that the SCTP is effective in improving the lives and livelihoods of older people headed households, the study goes on to discuss the rationale for and feasibility of a universal old-age social pension to be implemented in Malawi.

Given the large remaining 'coverage gap' in social protection for older people in Malawi, there is a strong incentive for Malawi to explore the scope for a dedicated universal social pension. Social pensions are tax financed cash transfers paid regularly to older people, regardless of whether they have formally contributed to a pension in the past. Social pensions are of particular relevance in countries like Malawi where the scope for expanding coverage of contributory pensions in the near future is low. A social pension could be a way to rapidly increase coverage of the pension system, providing a foundation for longer-term efforts to strengthen the contributory pension system.

A social pension would also represent a significant investment into orphans and vulnerable children, in line with the SCTP's foundational objective. It is worth recalling that nearly 70 per cent of older people headed households in the SCTP sample care for at least one child (1.75 children on average) and 44 per cent of older people headed households were skipped generation households. Evidence from Malawi and beyond shows that cash transfers and pensions enable older people to more generously and effectively take care of infants and children in their care.

A universal social pension would transform the lives of older people in Malawi and make a major contribution to the achievement of wider development goals. By providing a minimum income to all older people, a universal pension would support them in meeting their basic needs while strengthening their role as active contributors and decision makers within their families and communities. It would also provide a cash injection into the households and communities where they live, boosting food security, catalysing rural development and increasing the life chances of children. At a macro level, a universal pension would make a major contribution to reducing rates of poverty, while providing a mechanism to ensure that the proceeds of economic growth are more fairly shared across the population.

Simulations show that a universal social pension could lead to significant reductions in the poverty of households with older people, as well as the national poverty rate. These simulations of the poverty impacts of a social pension are in line with the findings of the qualitative and quantitative research presented in this study.

Affordability of a universal social pension

The cost of a universal pension is influenced by two key factors: the size of the population targeted, and the benefit level. The size of the eligible population for a universal pension is determined solely by the age of eligibility. Benefit levels are usually identified according to different benchmarks of adequacy that are relevant in the national context – such as the poverty line. A third factor which influences the cost of any cash transfer is administrative costs. However, these tend to be very low in the case of a universal social pension.

In the short term, a scheme of MWK 3,726 (in 2016 Malawi Kwacha[1]) for older people aged 70 and over would be a pragmatic place to start. The cost of this scheme – MWK 15.1 billion or 0.4 per cent of GDP – is well within the levels of scale of revenue that the IMF has said could be generated in the short term. Such a scheme would allow Malawi to begin rolling out a universal pension on a relatively small scale to put adequate administrative systems in place. In the coming years, the country could then seek to expand the scheme gradually as more revenue becomes available.

[1] Average annual exchange rates: 1 USD=738 MWK (2018), 728 MWK (2017),720 MWK (2016).

1. Introduction

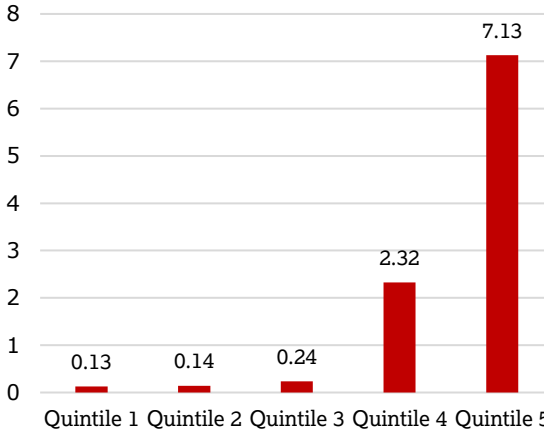
In Malawi and around the world, there is a growing understanding that poor and vulnerable members of society often do not benefit from national development and economic growth but face persistent poverty and deprivation.

Despite working all their lives and performing important roles in society, most older Malawians live in deep poverty, with few savings and no access to a pension that ensures basic income security in old age, relying instead on hand-outs, family-support and subsistence livelihoods for survival. Yet, ageing often comes with declining capacities to sustain productive livelihoods at a time when expenditures, especially on health care, rise.

Malawi's economy is predominantly informal, with most Malawians working in subsistence agriculture, and only a small minority enjoy formal employment status and social security benefits, such as a pension. High and persistent levels of informality, as well as widespread and deep poverty, limit the scope for traditional, social insurance-based pension systems, which currently only cover about 3 per cent of the working population and exclude most poor and vulnerable older Malawians[2], as seen in Figures 1 and 2.

Figure 1. Percentage of older people (60+) living in a household with pension income

Figure 2. Percentage of pension recipients by wealth quintiles



Recognizing those challenges, tax-financed social protection, and especially universal social pensions, are increasingly seen by lower and middle-income countries in the region and beyond as effective mechanisms to ensure income security, well-being and dignity in old age. Consequently, recent years have seen a significant increase in dedicated social cash transfers or universal old-age social pensions. Most recently, in June 2018, Kenya rolled out a universal social pension for every Kenyan citizen over the age of 70, potentially reaching about 1 million older people.

The Social Cash Transfer Programme (SCTP), an unconditional cash transfer targeted to ultra-poor and labour-constrained households has been a life-line for poor and vulnerable older Malawians. The SCTP, known locally as *Mtukula Pakhomo* (lifting up families), is operated by the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) and aims to reduce poverty and hunger and increase school enrolment amongst ultra-poor and labour-constrained households.

Older people make up a significant proportion of SCTP recipients, which is unsurprising given the programme's eligibility criteria, such as disability, chronic illness and labour constraint. Recipient data from 2016 suggests that 50 per cent of household heads in the programme are aged 65 and over and that 15 per cent of individuals living in recipient households are 65+.

[2] HelpAge International Pension Watch, Malawi Country Profile.

The impact of the SCTP has been rigorously evaluated a number of times, from both qualitative and quantitative perspectives.[3] These evaluations have found that, after about two years of payments, the SCTP generated strong positive impacts on households. We now know that the cash transfer significantly increased household consumption, food security, asset ownership, income, subjective wellbeing, children's schooling and material needs of Malawi's poor and vulnerable.

These evaluations have highlighted the SCTP's impacts on the total beneficiary population but have not shed much light on how the impacts of the SCTP differs for specific population groups, such as older people or households headed by older people. Given the importance of the SCTP in ensuring basic income security for Malawi's poor and vulnerable older people in the absence of meaningful pension coverage, it is vital to develop a more nuanced understanding of the SCTP's impacts when targeted towards older people or older people headed households.

This study combines quantitative and qualitative methods to evaluate the impacts of the SCTP on poverty, human development, wellbeing and dignity when targeted at older SCTP beneficiaries and households headed by older people. Recognizing the diverse set of human development objectives of the SCTP, the evaluation casts a wide net and not only investigates direct impacts on older people, but also the impacts on wellbeing and human development of dependents living in households headed by older people. Finally, the impacts of the SCTP on older people headed households are discussed in relation to the impacts on the overall programme population.

The key question this analysis is attempting to answer is whether the SCTP is an effective mechanism to improve the income security and wellbeing of older people and older people headed households. If the SCTP is an effective mechanism in achieving those goals and realizing the right to income security for older Malawians, then there is a strong case to be made to either expand the SCTP to include all poor and vulnerable Malawians or, following recent trends in the region, to consider implementing a universal social pension that guarantees basic income security to all older Malawians.

In May 2018, President Mutharika, delivering his 2018 State of the Nation address to the Malawian Parliament, announced that the government will implement a pension to "eradicate social and economic hardships the elderly face".[4] This study is expected to contribute to the realization of the President's vision by exploring the impacts and effectiveness of cash transfers on poor and vulnerable older Malawians, in line with the President's expressed desire to reduce their social and economic hardships. Lessons emerging from this study should inform the design and implementation of Malawi's new social pension and be read in conjunction with a study by the Ministry of Gender, Children, Disability and Social Welfare on the financial and administrative feasibility of a universal old age pension in Malawi.[5]

2. Study methodology and data

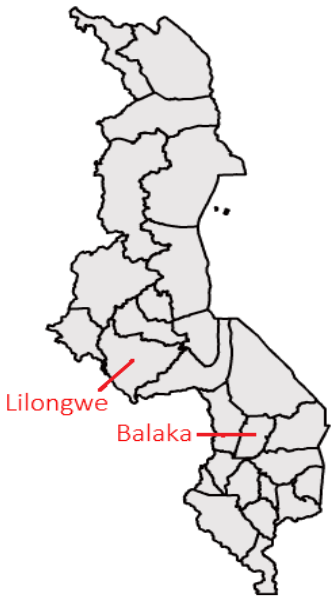
This study draws on qualitative and quantitative methods to evaluate the impacts of the SCTP on older Malawians.

On the quantitative side, the authors relied on extensive survey data from a cluster-randomized longitudinal study undertaken jointly by the University of North Carolina (UNC), the Centre for Social Research (CSR) and the UNICEF Office of Research - Innocenti (OoR). The survey series, which formed the basis of a randomised controlled trial (RCT) evaluation of the SCTP's impacts, included a baseline survey in 2013, a follow-up survey in 2014 and an endline survey 2015.

[3] Abdoulayi et al., *Malawi Social Cash Transfer Program Midline Evaluation Report;* Abdoulayi et al., *Malawi Social Cash Transfer Program Endline Evaluation Report;* Miller et al., *The impact of the Social Cash Transfer Scheme on food security in Malawi.*
[4] State of the Nation Address by President Mutharika at the Malawian Parliament, March 2018. Transcript of the speech: https://www.nyasatimes.com/state-of-the-nation-address-in-full/
[5] Ministry of Gender, Children, Disability and Social Welfare, *Realising income security in old age: A study into the feasibility of a universal old age pension in Malawi.*

Midline and endline data was compared to baseline data using a difference-in-differences approach to establish programme impacts. Data collected on control groups allowed the researcher team to identify which impacts over time are attributable to the SCTP, controlling for outside factors.[6] This study replicates the statistical analysis of the original SCTP evaluation, but limits the sample to older Malawians and households headed by older women and men. Relying on the data-set and analytical methods of the original SCTP evaluation allows for comparability between the overall impacts of the SCTP and the impacts of the programme on older Malawians and their households.

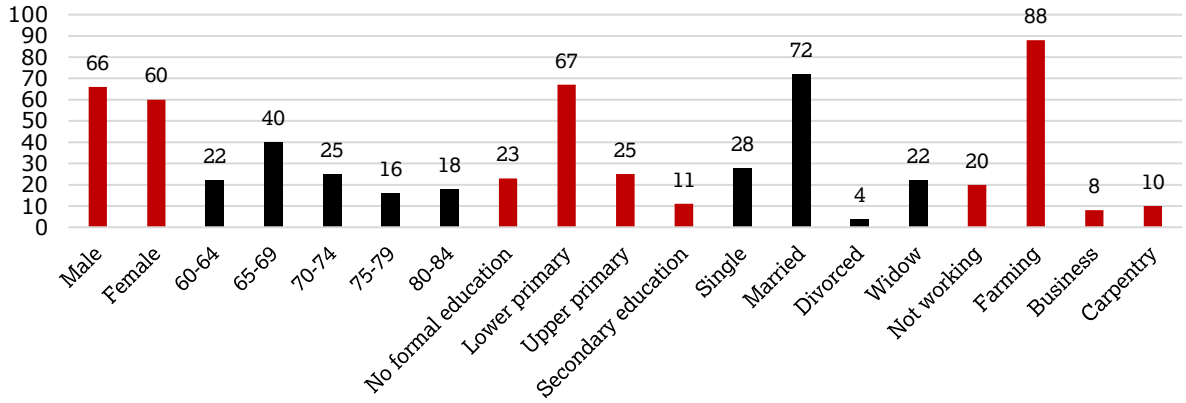
Complementing the quantitative analysis, a research team led by Dr Jesman Chintsanya of Chancellor College, University of Malawi, undertook a **qualitative exploration of beneficiaries and non-beneficiaries' lives, livelihoods and experiences with the SCTP in the District of Balaka**.



Eight communities in four village clusters within the Nsamala Traditional Authority (TA) were selected with guidance of the District Social Welfare Officer and the Malawi Network of Older Persons Organization (MANEPO). Beneficiaries and non-beneficiaries were randomly selected from the SCTP communities to participate in focus group discussions and in-depth individual interviews. Beneficiaries were randomly selected from the SCTP enrollment lists and non-beneficiaries were selected from the same communities using a snowballing technique, until a quota of participants in specific categories was reached. A total of 126 people took part in the FGDs.

In addition, the researchers undertook in-depth key informant interviews at community, district and national levels. Key informant interviews were conducted with programme managers from Balaka District Council, representatives of the donor community, and from ministries of Finance, Economic Planning and Development and Gender, Children, Disability and Social Welfare, village leaders and chairpersons of Older Persons Associations (OPAs).

Figure 3. Demographic and socio-economic characteristics of SCTP beneficiaries and non-beneficiaries participating in focus group discussions



[6] Further details on the methodology can be found in the SCTP evaluation reports cited above.

3. Economic growth, poverty and vulnerability in Malawi

Despite recent challenges, Malawi has experienced sustained economic growth for over a decade. Following a turbulent economic period in the early 1990s and a recession in 2001, Malawi has since entered a period of economic growth, which has not reached a sustainable positive trajectory (Figure 4). Growth in the last five years has not sustained the highs experienced between 2007 and 2009, due to factors including high inflation, weak balance of payments, the impact of the "cashgate" corruption scandal, and recent weather-related shocks. However, according to the International Monetary Fund (IMF), the Malawian economy rebounded in 2017, with growth picking up from 2.3 per cent in 2016 to about 4 per cent in 2017. Economic growth is expected to increase gradually, reaching over 6 percent in the medium term.[7]

Figure 4. GDP per capita growth 1990-2017 (annual %)

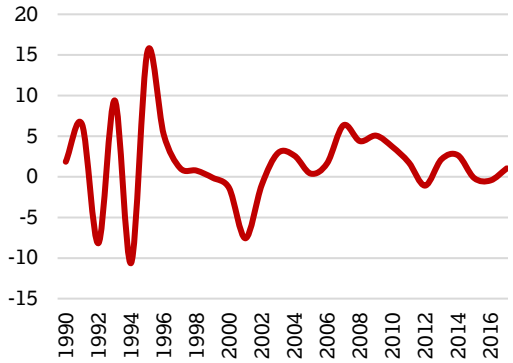
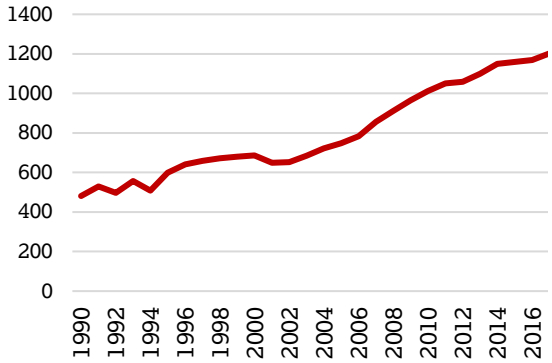


Figure 5. GDP per capita from 1990-2017 (PPP in 2018 international $)



The growth of the economy has resulted in a doubling of average income since the mid-1990s.[8] Figure 5 shows the increase in GDP per capita since 1990, measured in purchasing power parity dollars (PPP$), which make it possible to make comparisons with international benchmarks and other countries. Since 1990, Malawi's GDP per capita has more than doubled, growing from about 480 PPP$ to approximately 1200 PPP$ in 2017.

Levels of poverty, however, remain stubbornly high in Malawi – with over half the population living below the national poverty line. According to the latest Integrated Household Survey (2010/11) 50.7 per cent of Malawians live below the national poverty line, with a quarter of the population (24.5 per cent) living in ultra-poverty. Progress on reducing poverty in the last decade has also been disappointing. While national poverty rates fell by almost 13 percentage points between 1997 and 2004 (from 65.3 per cent to 52.4 per cent), in the subsequent 6 years poverty fell by less than 2 percentage points.[9] Due to the growth of the population in Malawi, the absolute number of people living in poverty actually increased by an estimated 987,000.[10]

Levels of poverty in Malawi appear to be even higher when using international definitions that have been embedded into the global Sustainable Development Goals (SDG). According to the World Bank's international poverty line (set at 1.90 PPP$ per day), 71 per cent of the population live in what is defined as extreme poverty. It is against this benchmark that Malawi's progress towards goal 1 of the SDGs, which sets the ambition of ending extreme poverty by 2030, will be measured.

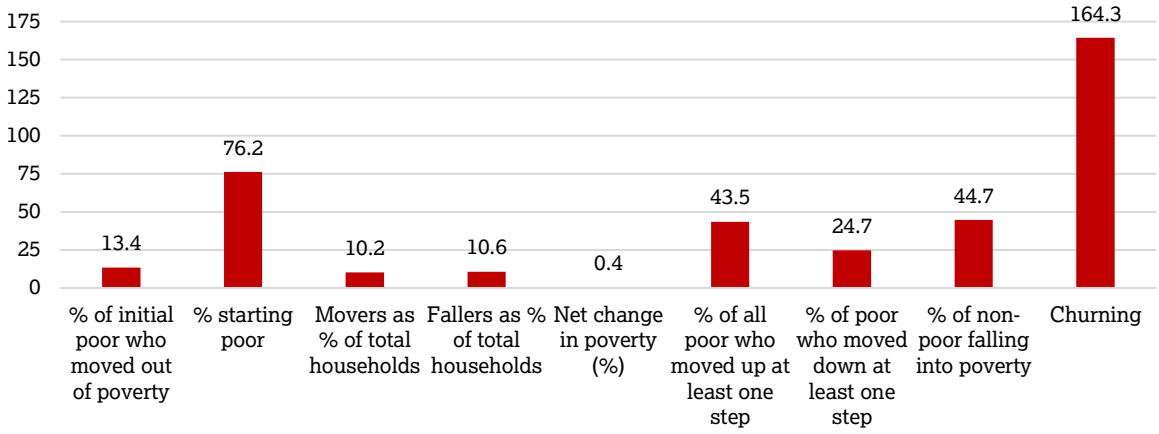
A substantial portion of the population also live just above the poverty line, meaning that around 70-80 per cent of the population are either poor or vulnerable to poverty. Regardless of which measure is more appropriate, the majority of the population either live

[7] IMF, *Malawi: 2018 Article IV Consultation and Request for a Three-Year Arrangement under the Extended Credit Facility.*
[8] World Bank, Malawi Country Data
[9] National Statistics Office, *Integrated Household Survey, 2010-2011: Household Socio-Economic Characteristics*
[10] HelpAge International calculation based on population estimates and projections from UN Population Division, World Population Prospects: The 2015 Revision

in poverty, or close to the poverty line. For example, analysis of the IHS3 shows that when the poverty line is increased by 50 per cent, the poverty rate increases to 71.1 per cent.[11]

Research conducted in Malawi also shows that poverty is not static but that there is significant movement in and out of poverty over time. A study conducted between 1995 and 2005 found that approximately 10 per cent of households had fallen into poverty over the period, while an equal amount had exited from poverty. Overall, the poverty rate remained largely static. This gives a picture of the majority of the population – much higher than the headline poverty rate – likely to be in poverty at least once within a period of a few years. Amongst all 19 countries and regions studied[12], Malawi had by far the highest levels of 'churning', which captures movements into poverty, out of poverty and within poverty.[13]

Figure 6. Movement in an out of poverty in Malawi



Malawi's social protection strategy, the Malawi National Social Support Programme (MNSSP), explicitly recognises the fluidity of poverty, stating that "it is important to remember that poverty is dynamic, with individuals and households frequently shifting from one category to another, and moving in an out of poverty. This could be due to idiosyncratic shocks, felt by the household (death or illness), or covariate shocks, felt by the community as a whole (seasonal or unpredictable), that can result in large numbers of the 'non-poor' falling into poverty."[14]

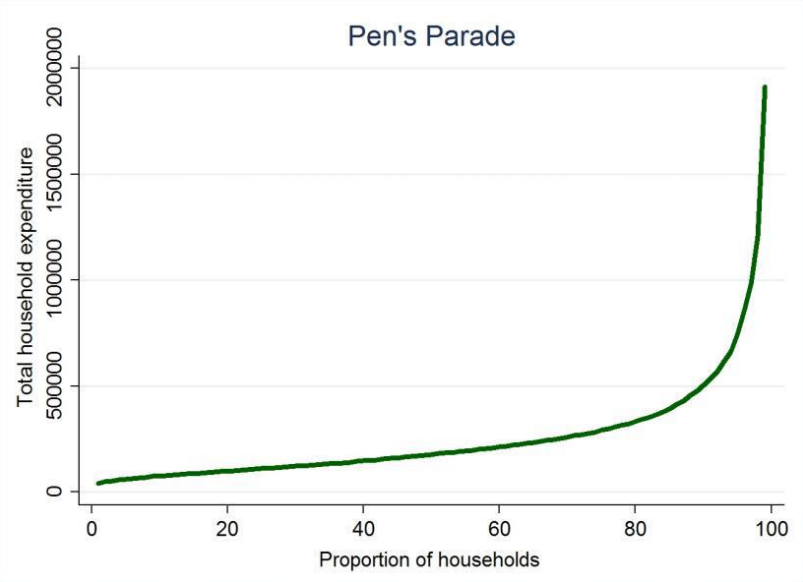
Monetary poverty is only part of the picture and over half of Malawians suffer from multiple overlapping deprivations in education, health and living standards. The 2016 Human Development Report uses 2013/14 data to estimate that 56.1 percent of the population are multi-dimensionally poor, while an additional 27.2 percent live near multi-dimensional poverty.[15]

Inequality has also risen sharply in recent years, meaning that the benefits of economic growth are not being evenly shared. As recently highlighted in a 2015 study by Oxfam, there has been a sharp rise in levels of inequality in the last decade or so.[16] Between 2004 and 2010, the Gini coefficient (a common measure of inequality) has risen from 0.39 to 0.45. Put in other words, while the richest 10 per cent of the population spent 22 times more than the poorest 10 per cent in 2005, by 2010 they were spending 34 times more.

A useful graphical tool for analysing expenditure distributions is a Pen's Parade.[17] On the horizontal axis, every household is lined up from poorest to richest, while the vertical axis shows the corresponding level of expenditure (or income) of those households. Figure 7 shows relatively low levels of expenditure and inequality amongst the bottom 90 per cent of Malawi's population, with expenditure drastically increasing only in the top 10 per cent.

[11] HelpAge International calculation based on the IHS3
[12] Uganda, Malawi, Colombia, Tanzania, Senegal, Mexico, Bangladesh, Afghanistan, Indonesia, India, Thailand, Morocco, Sri Lanka, Philippines
[13] Narayan et al., *Moving Out of Poverty, Volume 2: Success from the Bottom Up*
[14] Government of Malawi, *National Social Support Programme (MNSSP).*
[15] UNDP, Human Development Report 2016.
[16] Oxfam, *A Dangerous Divide: The state of inequality in Malawi.*
[17] Meerendonk et al., *Towards a Malawian Social Protection Floor: Assessment of Social Protection Programmes in Malawi.*

Figure 7. Inequality in Malawi



4. Demographics and ageing in Malawi

Malawi is often described as a country with a young and rapidly growing population. Indeed, the National Statistical Office (NSO) estimates that in 2017 about 66% of the country was younger than 24 years.[18] This large number of children and adolescents clearly presents Malawi with opportunities to advance national development through effectively investing in wellbeing, protection, skills and education of young people.

However, owing to significantly improvements in life expectancy over the last two decades, population ageing is also gaining speed in Malawi, as everywhere in Africa and the world. Life expectancy at birth has risen from just 43 years in 2000 to 63 in 2016. Women's life expectancy in particular has rapidly increased from approximately 48 years in 2000 to 67 in 2016.[19] Figures 8 and 9 capture this remarkable success-story, highlighting the considerably increased life expectancy and changes of women's and men's survival to the age of 65 per age cohort.

Figure 8. Life expectancy at birth for women and men

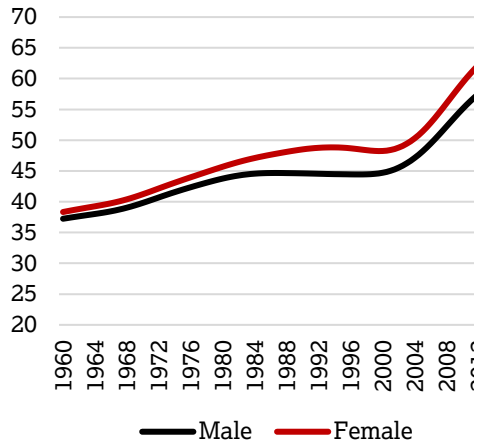
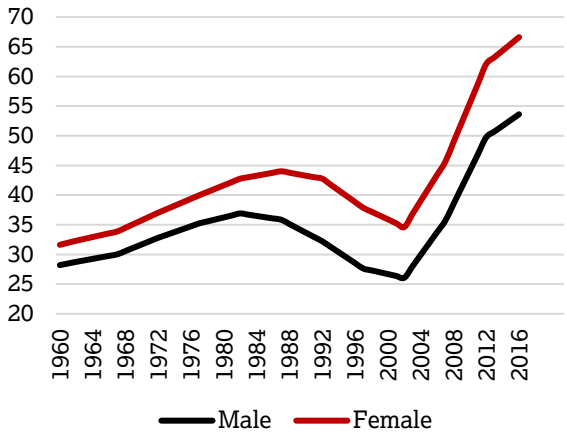


Figure 9. Survival to age 65 for women and men as percentage of cohort



Life expectancy at birth is strongly influenced by high levels of infant and child mortality and therefore tells us little about the survival of adults, especially in lower and middle-income countries. Life expectancy at 60 - the average number of years that a person at that age can be expected to live, assuming that age-specific mortality levels remain constant - is

[18] Malawi National Statistical Office, population statistics.
[19] World Bank, Malawi country data.

a better estimate of survival within the adult life course than life expectancy at birth. According to the 2015 Global AgeWatch Index, life expectancy at 60 for Malawi is 16 years.[20]

While the population of older people is relatively small, 20 per cent of the population live in a household with an older person. According to population projections produced by the NSO, there were 727,377 people over the age of 60 in Malawi in 2016. This is equal to 4.5 per cent of the total population of 16.3 million people. Of these, 56 per cent are women and 44 per cent are men, and the proportion of women in the older population tends to increase at older age groups (Figure 10).

Older people typically live in the rural areas as smallholder subsistence farmers and have particularly low levels of formal education. Analysis of the IHS3 shows that over 90 per cent of older Malawians live in rural areas and the vast majority of them (77 per cent) are economically active. While the population of Malawi as a whole is predominantly rural, older people are more likely to live in rural areas than those of younger ages (Figure 11). A key reason for this trend is that younger generations are more likely to have migrated to urban areas for work, while older parents stay behind to care for grandchildren and tend to the family farm.

Figure 10. Distribution of older population by age group and sex

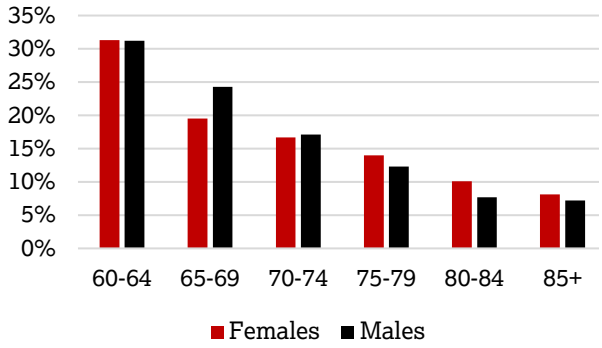
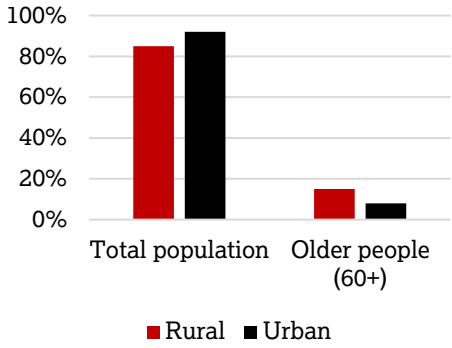


Figure 11. Distribution of older population by rural/urban areas



Older people are an essential part of Malawi's social fabric. As in many other African countries, older people play an important role in Malawian life, as farmers, caregivers, and leaders in family, community and political life.

Nevertheless, with old age also come new challenges, particularly in terms of increasing ill health. People aged 60 and over are three times more likely to suffer from a chronic disease than those aged 15-59 years. Nearly one in five (18 per cent) older people have a chronic illness such as asthma or arthritis compared to 5 per cent of people aged 15-59 (Figure 12). Incidence of chronic illness is higher among older women (20.4 per cent) compared to older men (14.1 per cent). The prevalence of chronic illness continues to grow in older age, affecting nearly one-third of over 80-year-olds.

Disability is highly correlated with age and higher disability rates among older people reflect an accumulation of health risks across a lifespan of disease, injury, and chronic illness.[21] On average, 7 per cent of people aged 60 years and above have some level of disability, the most common forms being difficulties in the functional domains of vision and mobility. The prevalence of disability is higher in rural areas (21 per cent) compared with urban areas (15 per cent) and higher among older women (24 per cent) compared with men (17 per cent). With advancing age, the prevalence of disability increases dramatically, and approximately 30 per cent of 80-year-old Malawians live with some disability (Figure 13).

[20] HelpAge International, Global AgeWatch Index 2015: Life expectancy at 60.
[21] Ministry of Gender, Children, Disability and Social Welfare, *Realising income security in old age: A study into the feasibility of a universal old age pension in Malawi*.

Figure 12. Levels of chronic disease by age

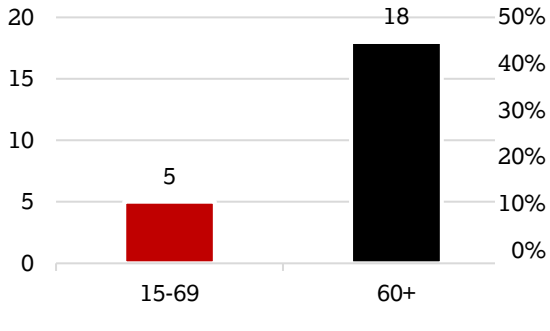
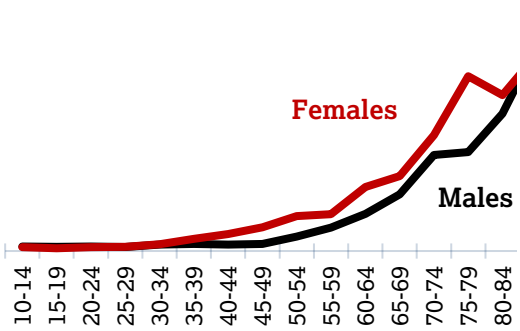


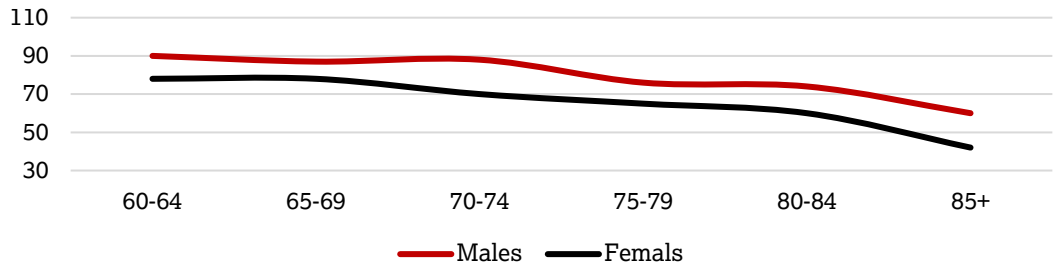
Figure 13. Prevalence of disability by age group



Access to healthcare is limited, particularly amongst poorer older people. In total, 4 per cent of older people were reported as being hospitalised in the last month according to IHS3 data. While it is not possible to establish whether levels of hospitalisation matched the needs of older people IHS3 data shows that levels of hospitalisation were much higher amongst less poor older people. Similarly, health expenditures of older people in the poorest fifth of the population are considerably lower than those of the better off. While the higher costs of wealthier individuals may be due to greater use of private health services, they also suggest lower ability of poorer older people to pay for health-related expenditure. Given the low levels of access to health services, it is also likely that levels of illness reported above may be underestimated, with many issues going undiagnosed.

Worsening health is correlated with lower levels of work at older ages, although many older people continue to work despite health issues.[22] Figure 14 presents the proportion of older people in the labour force by five-year age groups. It shows that work declines gradually at older ages. While 78 per cent of women and 90 per cent of men aged 60-64 are still economically active, this falls to 42 per cent of women and 60 per cent of men for those aged 85+. The decline in labour force participation starts at around 75 years for men and 70 years for women. It is striking to see how many older people continue to work at advanced ages, with a total of 77 per cent of people aged 60 years and above still economically active. It appears that much of this continued work happens in spite of health issues. While levels of economic activity for people with disability are lower than average, half of older people with some form of disability (51 per cent) remain economically active.

Figure 14. Share of older people (60+) who were economically active in the last week



The physically demanding nature of the work older people engage in, coupled with increasing levels of ill health, intensifies the challenges faced by older people working in older age. IHS3 data indicates that close to two thirds of older people engage in household agricultural activities, with slightly higher levels for men (60 per cent) than women (56 per cent). Many older people (particularly women) engage in household activities such as collecting water and firewood. These are not insignificant activities, with those partaking in these activities spending an average of 45 minutes collecting water, and an hour collecting firewood. The fact that many of these activities are physically demanding means older people are forced to undergo them despite mobility issues and pain.

[22] Malawi National Statistical Office, *2013 Labour Force Survey*.

5. Social protection in Malawi

Social protection in Malawi is guided by the National Social Support Policy (NSSP), which lays out four strategic objectives. These are the: 1) provision of welfare support to those unable to develop viable livelihoods; 2) protection of assets and improving the resilience of poor and vulnerable households; 3) increasing the productive capacity and the asset base of poor and vulnerable households, and 4) establishing coherent synergies with economic, social and disaster risk reduction policies.

In 2011, the Government of Malawi, together with donors, development partners and civil society organizations, developed the Malawi National Social Support Programme (MNSSP) to operationalize the NSSP's vision of enhanced quality of life for those suffering from poverty and hunger, and improved resilience of those vulnerable to shocks. The MNSSP was implemented over the period of 2012-2016 and included five prioritized programmes. These are: 1) the Social Cash Transfer Programme (SCTP), an unconditional cash transfer targeted to ultra-poor and labour-constrained households; 2) Public works programmes (PWPs) that provide regular payments to individuals in exchange for work on community-level projects; 3) School meals programmes (SMP); 4) Village savings and loans; and 5) Microfinance interventions, which provide financial services to rural Malawians.[23]

Despite numerous systemic and programmatic shortcomings, the MNSSP was generally regarded as a success, making valuable progress towards providing comprehensive and appropriate social protection coverage to many of Malawi's poor and vulnerable residents. However, the Government-led review[24] of the MNSSP also noted that the programme:

> "*Does not explicitly take into account the social protection needs of the elderly and the disabled outside of the SCTP. A large number of elderly and people with disability living in poverty are excluded from the relatively restrictive targeting criteria of the SCTP and should not be the immediate target of public works programs. Going forward, could social protection be directly targeted towards the elderly and disabled?*"

The MNSSP expired in 2016 and, after an extensive process of stakeholder consultations, a successor programme was developed, which is to define social protection in Malawi from 2018 to 2022. The MNSSP II builds on the successes and lessons learned during the implementation of the MNSSP, maintains the same interventions, but structures these around thematic priority areas. This is expected to provide enhanced strategic policy guidance on promoting linkages, strengthening systems, and improving monitoring, evaluation and learning activities. The MNSSP II consists of three thematic pillars:

1. **Consumption Support:** Provide consumption support through timely, predictable and adequate cash and/or in-kind transfers to poor and vulnerable households throughout the lifecycle.
2. **Resilient Livelihoods:** Promote resilient livelihoods through tailored packages based on individual, household, and community needs via graduation pathways, inter-programme linkages and facilitating access to, and utilization of, basic services.
3. **Shock-Sensitive Social Protection:** Develop a shock-sensitive social protection system that meets seasonal needs, prepares for – and responds to – unpredictable shocks together with the humanitarian sector, and supports recovery and the return to regular programming.

The MNSSP II represents an evolution of Malawi's social protection system towards a more inclusive and rights-based approach that recognizes a multitude of vulnerabilities throughout the life-cycle. This increased sensitivity towards realizing rights, addressing social exclusion and various economic and social deprivation aspects throughout the life-cycle is reflected throughout the document. For instance, the guiding principles of the MNSSP II state that the MNSSP II "has to be based on evidence and designed to respond to people's real food and income needs across the life-cycle", "should address social as well as

[23] Government of Malawi, *Malawi National Social Support Programme (MNSSP).*
[24] Ministry of Finance, Economic Planning and Development, *Review of the Malawi National Social Support Programme: A Stakeholder-Driven Review of the Design and Implementation of the Malawi National Social Support Programme (2012-2016).*

economic and natural vulnerabilities, by protecting disempowered groups", and "promote the progressive realisation of human rights, especially the right to social security."[25]

In line with this increased ambition, the MNSSP II champions a broadened definition of vulnerability, which captures risks associated with agricultural livelihoods, economic processes, social factors such as marginalization, exclusion, violence, abuse and exploitation, demography and the life-cycle. Life-cycle vulnerability refers to the potentially diminished capacities to sustain productive livelihoods at specific stages of the human life-cycle (pregnancy, infancy, childhood, adulthood, old age) or for specific population groups, such as women, persons living with disabilities or chronic diseases.

Recognizing these vulnerabilities, the MNSSP II sets out to ensure increased social protection coverage for vulnerable households and individuals. For instance, the MNSSP II seeks to provide direct income and consumption support to the most poor and vulnerable households that are unable to sustain a minimum level of consumption and access to basic services due to, among other factors, chronic illnesses, disability or old age. Programme delivery mechanism are also to be designed to be sensitive to vulnerabilities and should "ensure that no vulnerable group such as elderly community members are excluded."

5.1. The social cash transfer programme

The most significant development in social protection for older persons in Malawi in recent years has been the introduction and expansion of the Social Cash Transfer Programme (SCTP). The programme was initially piloted in Mchinji District in 2006 with support from the *Global Fund to Fight AIDS, Tuberculosis and Malaria*. It was initiated in response to the HIV/AIDS epidemic and the resultant increase in adult mortality, orphanhood and "skipped-generation" households, where grandparents or relatives would look after orphans. The Government of Malawi and the Global Fund piloted the SCTP to explore whether a cash transfer could be an effective instrument to protect orphans and vulnerable children and enable older Malawians to care for them[26].

Today, the SCTP has the aim of alleviating poverty, reducing malnutrition and improving school enrolment by delivering regular and reliable cash transfers to ultra-poor households that are also labour-constrained. "Ultra-poor" is defined as unable to meet the most basic urgent needs, including food and essential non-food items such as soap and clothing. "Labour constrained" is defined as household with a ratio of "fit to work" members to "not fit to work" members of more than three; a member is considered unfit to work if they are below 19 or above 64 years of age, or if they are age 19 to 64 but have a chronic illness or disability.

The SCTP has expanded significantly and in 2016, the programme reached all 28 districts of Malawi and approximately 330,000 households. This is approximately 12 percent of Malawian households. In 2018, the monthly transfer level varied between MK 2,600 for a one-person household and MK 5,600 for a household with five or more members. In addition, bonus of MK 800 per month for each child enrolled in primary school and MK 1,500 for each child in secondary school is provided.

Older people make up a significant proportion of SCTP recipients. Given the programme has specific eligibility criteria related to old age, such as disability, chronic illness and labour capacity, it is unsurprising that a considerable number of older people are recipients. In fact, in its pilot phase the programme was referred to as a "programme for older persons" (*pologilamu ya nkhalamba).*[27]

[25] Government of Malawi, *Malawi National Social Support Programme II (MNSSP II).*
[26] New York Times, 2009
[27] Munthali et al., *A Report on the Feasibility Study on a Universal Pension in Malawi.*

Figure 15. SCTP eligible population by age and sex

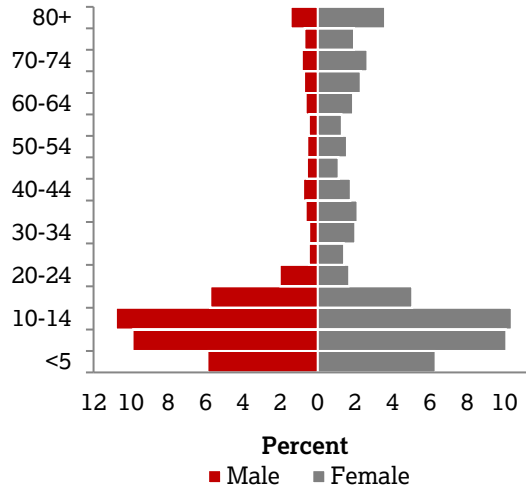
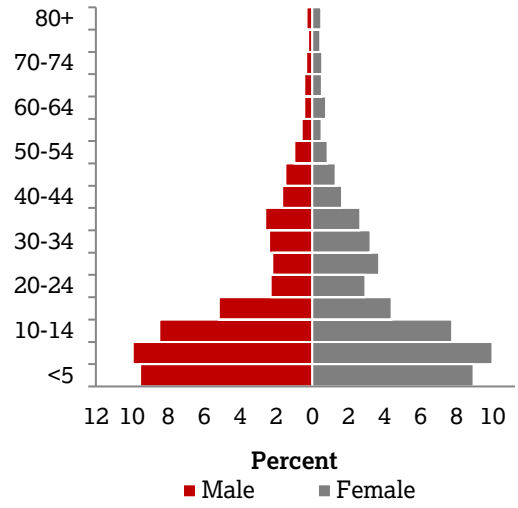


Figure 16. Rural ultra-poor population by age and sex



Older people make up a substantive proportion of SCTP beneficiaries because of the programme's history and demographic targeting criteria. As discussed above, the SCTP was initially designed as a response to the HIV/AIDS epidemic, seeking to protect orphans and vulnerable children and support older people taking care of them. Figures 15 and 16 show the population pyramids[28]. of the SCTP eligible population and the rural ultra-poor population, based on the 2010 Integrated Household Survey (IHS3). The figures highlight that the SCTP eligible population has considerably larger percentages of older people, as compared to the rural ultra-poor population.

Recipient data from 2016 suggests that 50 per cent of household heads in the programme are aged 65 and over and that 15 per cent of beneficiaries are 65 and older[29]. Overall coverage of the SCTP, however, remains inadequate, with fewer than one in four older people living in recipient households.

5.2. Impacts of the Social Cash Transfer Programme

Social cash transfers are increasingly becoming a core element of developmental strategies of low and middle-income countries around the world, with about 130 countries implementing some form of non-contributory unconditional cash transfer in 2016[30].

A wide range of impact evaluations around the world have consistently established positive impacts of SCTs on numerous economic and human development outcomes[31]. While country contexts, design features and implementation details matter, SCTs are generally found to reduce monetary poverty of beneficiaries, raise school attendance and enrolment, stimulate use of health services, improve dietary diversity and increase women's decision-making power and choices. Beyond impacts on individuals and households, evidence further indicates that SCTs contribute to economic growth and productivity through increasing investments in economic assets and activities by beneficiaries and stimulating local spending and production[32].

The impact of Malawi's SCT has been evaluated several times, from both qualitative and quantitative perspectives. The most rigorous and comprehensive evaluation was undertaken between 2012 and 2016 by the University of North Carolina (UNC), the Centre for Social Research (CSR) at the University of Malawi, and the UNICEF Office of Research - Innocenti (OoR). The evaluation combined qualitative research on the lives, livelihoods and experiences of beneficiaries with a randomised controlled trial (RCT) evaluation of the

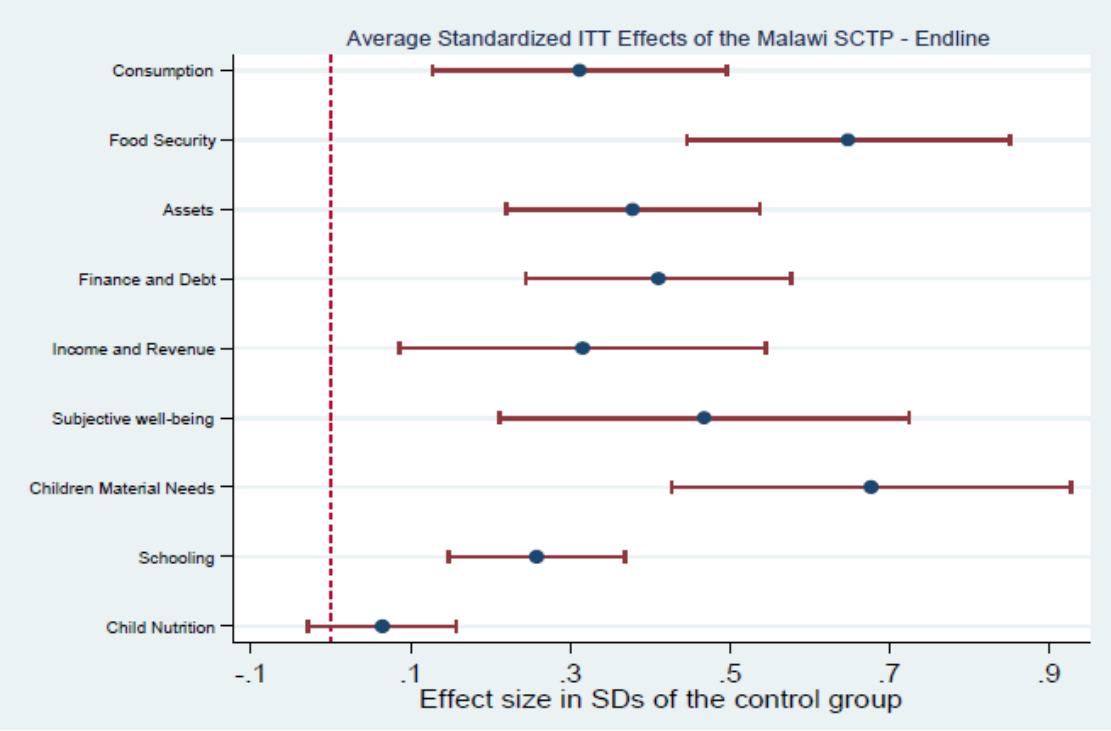
[28] University of North Carolina & University of Malawi Centre for Social Research (2014).
[29] Munthali et al., *A Report on the Feasibility Study on a Universal Pension in Malawi.*
[30] Mathers, et al., *Social protection and growth: Research synthesis.*
[31] Bastagli et al., Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features.
[32] Kagin et al., *Local Economy Impacts and Cost-benefit Analysis of Social Protection and Agricultural Interventions in Malawi;* Kagin et al. *Local Economy-wide Impact Evaluation (LEWIE) of Ethiopia's social cash transfer pilot programme.*

programme's impact on a wide spectrum of dimensions of child welfare and protection, as well as human and economic development. Research areas included household consumption, food insecurity, dietary diversity, economic productivity, wealth accumulation, health and nutrition of young children, schooling and child labour, safe transition into adulthood, as well as the health and well-being of caregivers[33].

The evaluation finds that the SCT, after about two years of payments, appears to have transformed the lives of beneficiaries and positive impacts are found in most outcome areas. Figure 15 presents an overview of the impacts of the SCT**,** focusing on nine major outcome areas, which are based on indexes that capture changes in a range of indicators. For example, the 'asset' domain includes livestock, durable goods and agricultural assets. Since each indicator is measured in a different unit, the researchers standardize all variables so that they are reported in standard deviation units (or z-scores) and can be compared across domains.

Taking consumption as an example, the figure shows that the SCT increases consumption by about 0.3 standard deviation units, and this effect is statistically significant because the confidence bound does not cross the vertical line drawn at zero. Overall, the SCT has a considerable and statistically significant impact in all studied areas domains, except on the nutritional status of children.

Figure 17. Average standardized effects on the Malawi SCTP at endline



[33] Abdoulayi et al., *Malawi Social Cash Transfer Programme Endline Impact Evaluation Report.*

6. Impacts of the SCTP on older people headed households

Prior evaluations have highlighted the SCTP's impacts on the total beneficiary population, but they have not shed much light on how impacts differ for specific population groups, such as older people receiving the SCTP or beneficiary households headed by older people. Given the importance of the SCTP in ensuring basic income security for Malawi's poor and vulnerable older people in the absence of meaningful pension coverage, it is vital to develop a more nuanced understanding of the programme's impacts on older people headed households.

This section brings together evidence on the impacts of the SCTP when targeted towards older person headed households from the above-mentioned quantitative impact evaluation carried out jointly by the University of North Carolina (UNC), the Centre for Social Research (CSR) and the UNICEF Office of Research - Innocenti (OoR), and additional qualitative research conducted in four village clusters in the district of Balaka (TA Nsamala).

Starting with a brief discussion of key characteristics of older people headed households, as well as their access and utilisation of the transfer, this section goes on to explore the SCTP's impacts on consumption, poverty, asset ownership of older people headed households, as well as the health status and utilization, and subjective wellbeing on individuals aged 65 and over. In addition, impacts on education, health and material wellbeing of children living in older people headed households are evaluated. Throughout, the impacts of the SCTP on older people headed households are compared to the impacts of the SCTP on the full sample of beneficiaries to contextualize impacts and discuss differences.

6.1. Characteristics of older people headed households

This section offers a snapshot of the socio-demographic characteristics of older people headed households in the sample and of the older heads of the households themselves, including age, sex, disability, marital status and educational attainment.

The vast majority of older people headed households that receive the SCTP are multigenerational and frequently headed by older women, who are likely to be widowed and experience some degree of disability.

Educational levels of household heads are very low, particularly among women in both treatment and control groups, with over 89 per cent of women having no formal education. This conceivably affects their ability to access information on the SCTP and other relevant services and has important implications for the design of appropriate mechanisms to implement a cash transfer.

Table 1. Characteristics of older people-headed households and elderly household heads at baseline

	All Households	Treatment Group	Control Group	Diff [T-C]	p-value*
Older people-headed Households' Characteristics					
Household Size *(mean)*	3.37	3.32	3.41	-0.10	0.749
Number of Children *(mean)*	1.75	1.73	1.78	-0.04	0.852
Household has any children *(per cent)*	69.20	69.08	69.34	-0.26	0.964
Number of Elderly (65+) *(mean)*	1.19	1.19	1.19	0.00	0.971
Number of Adults (18-64) *(mean)*	.43	0.41	0.45	-0.04	0.321
Skipped generation household *(per cent)*	43.67	43.78	43.56	0.22	0.974
N	*1,548*	*783*	*765*		
Elder Household Heads' Characteristics at baseline disaggregated by sex					
Females					
Age *(mean)*	76.02	76.29	75.74	-0.48	0.326
Marital Status					
Never Married	0.13	0.12	0.13	-0.01	0.966
Married/Cohabitating	10.94	10.26	11.67	-1.40	0.682
Separated/Divorced	13.17	12.72	13.65	-0.93	0.800
Widowed	75.77	76.89	74.55	2.34	0.709
No education *(per cent)*	89.09	89.19	88.97	0.23	0.927
Disability *(mean)*					
Any	70.44	73.55	67.09	6.46	0.306
Seeing	45.55	48.49	42.37	6.12	0.285
Hearing	20.11	22.95	17.04	5.91	0.350
Walking/climbing steps	47.09	50.00	43.97	6.03	0.351
Remembering/ concentrating	23.44	22.70	25.25	-1.56	0.760
Communicating	8.36	9.98	6.62	3.37	0.232
N	*1,226*	*611*	*615*		
Males					
Age *(mean)*	77.33	77.12	77.60	-0.48	0.318
Marital Status					
Never Married	0.68	0.83	0.50	0.33	0.571
Married/Cohabitating	71.53	70.69	72.59	-1.90	0.699
Separated/Divorced	11.45	11.68	11.16	0.52	0.898
Widowed	16.34	16.81	15.76	1.05	0.826
No education *(per cent)*	62.55	59.01	66.96	-7.95	0.209
Disability *(mean)*					
Any	66.95	70.27	62.82	7.45	0.517
Seeing	46.52	48.30	44.29	4.01	0.656
Hearing	17.25	17.61	16.81	0.80	0.777
Walking/climbing steps	45.54	48.19	42.23	5.96	0.501
Remembering/ concentrating	19.61	16.00	24.10	-8.10	0.227
Communicating	7.20	5.94	8.76	-2.82	0.521
N	*332*	*172*	*150*		

Notes: * Adjusted Wald test was used to compare weighted treatment and control group means.

6.2. Older people headed households' access and utilisation of the SCTP

This section briefly evaluates older people headed households' access and utilisation of the SCTP, focusing on the understanding of eligibility criteria, average transfer size, transportation, and time cost of collection.

6.2.1. Understanding of the programme's eligibility criteria

To be eligible to receive the SCTP, households must be:

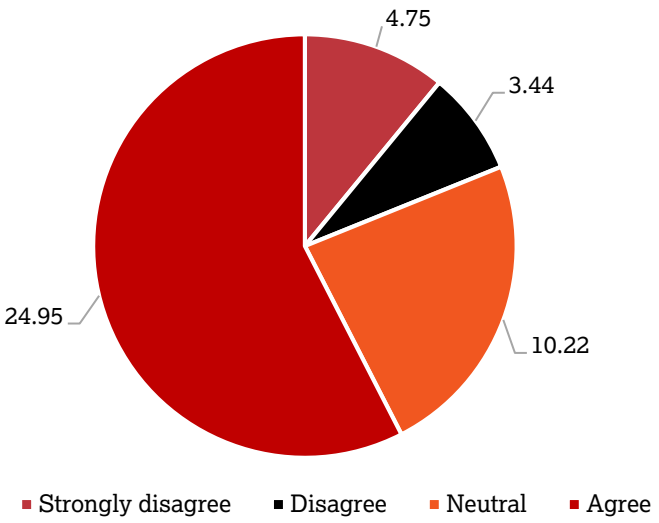
- ***Ultra-poor***, defined as a household unable to meet the most basic urgent needs, including food and essential non-food items such as soap and clothing; and

- ***Labour-constrained***, defined as having a ratio of 'not fit to work' to 'fit to work' of more than three). Household members are defined as 'unfit' if they are below 19 or above 64 years of age, or if they are age 19 to 64 but have a chronic illness or disability or are otherwise unable to work.

Such complex eligibility criteria are likely to cause confusion and leave margins for people to question their participation or exclusion from the programme. Indeed, the 2015/16 government-led review of the MNSSP found that, according to the experiences of implementers and district level stakeholders, "poverty targeting approaches are difficult to implement in Malawi due to the country's widespread and dynamic poverty, which increases the risk of arbitrary exclusion of potentially eligible beneficiaries and inclusion errors". Throughout the programme review, stakeholders frequently noted "the limited understanding of communities of the eligibility criteria of MNSSP programmes, especially the SCT." It was suggested that rural communities often feel that everyone is equally poor and therefore have limited understanding for poverty rankings that facilitate beneficiary selection[34].

Despite that, Figure 18 shows that the majority of respondents in the quantitative study felt that the programme's eligibility criteria were clear. When asked about who they thought was eligible to receive the transfer, the majority of both treatment and control groups believed that very poor households and the elderly were eligible (Table 2) There was less awareness about the programme's targeting of ultra-poor households that are labour-constrained due to disability and chronic illness.

Figure 18. Understanding SCTP eligibility criteria



[34] Ministry of Finance, Economic Planning and Development, *Review of the Malawi National Social Support Programme: A Stakeholder-Driven Review of the Design and Implementation of the Malawi National Social Support Programme (2012-2016).*

Table 2. Understanding SCTP eligibility criteria

	Endline Total	Treatment	Control
SCTP eligibility criteria are clear			
Strongly disagree	4.75	7.14	2.63
Disagree	3.44	4.53	2.48
Neutral	10.22	13.76	7.09
Agree	24.95	26.90	23.22
Strongly agree	56.63	47.66	64.59
N	*1470*	*747*	*723*
Perceived eligibility criteria			
Caring for orphans	32.34	36.30	27.89
Caring for any children	10.27	8.07	12.23
Chronically ill	18.99	18.48	19.43
Widowed	13.94	12.49	15.24
Unable to work	10.26	8.07	12.21
Handicapped	18.99	20.24	17.89
Elderly	69.65	63.74	74.90
Very poor	87.55	86.52	88.46
Not enough to eat	13.66	10.57	16.40
N	*1471*	*747*	*724*

The qualitative evidence paints a somewhat more complex picture. In general, the majority of participants in focus group discussions (FGDs) understood that the programme was essentially designed to support some families in their communities because they were poor, and because they had family members who were unable to work (older people and people with disability). However, both recipients and non-recipients participating in FGDs felt there is insufficient information regarding the SCTP and the beneficiary selection process, particularly issues concerning the differences between the official indicators and local knowledge of poverty and vulnerability in their communities.

It should be noted that while respondents of the quantitative study seem to be confident in their knowledge of the programme's eligibility criteria, their perceptions of eligibility criteria are best understood as community-level interpretations of more complex official eligibility criteria, such as dependency ratios and poverty thresholds defined through household surveys and proxy means testing (PMT). Conceivably, such local approximations of technical eligibility criteria emerged not only to operationalize the transfer but also reflect communities' values and considerations of specific groups of people that are considered particularly 'deserving' of the SCTP: older people, the very poor and those caring for orphans.

Both beneficiaries and non-beneficiaries also pointed out that there were many others in their community who should have been eligible for the SCTP. A number of non-beneficiaries complained that they were initially listed as potential beneficiaries in the community-led beneficiary selection processes, but that their names were later excluded from the SCTP because they were classified as non-poor according to the official criteria, which they do not understand.

Anambewe, for instance, is aged 72 and lives with her sick husband. She is not enrolled and does not understand why she has been excluded:

> *"I was the first person to be registered but my name did not come up. I went to the chief, it was there but when I went to school to have my identification verified, my name had disappeared on the list. I had to wait but nothing happened. I was told that the computer has omitted my name and that I should wait for another time."*

The issue of inclusion and exclusion errors was also raised by key informants who consistently rated this as a critical matter among the implementation issues of the SCTP. Given the relatively limited coverage of the SCTP, the high incidence and fluidity of poverty and vulnerability in rural Malawi, as well as the significant in-built errors of household survey-based poverty targeting (proxy means testing, PMT)[35], it is not surprising that

[35] Kidd et al., *Targeting the Poorest: An assessment of the proxy means test methodology.*

inclusion and exclusion errors are frequently raised by communities as a key challenge.

Reflecting on these common concerns, the Government-led review of the MNSSP suggests that strengthening the focus on simpler and more categorical beneficiary selection methods has the potential to increase the targeting accuracy, reduce costs and improve community understanding and support of the selection processes[36].

6.2.2. What is the average transfer that older people headed households receive?

Table 3 presents average monthly transfers and per capita monthly transfers received by older people headed households. On average, the monthly transfer amount received by beneficiary households was MWK 1,815 and the monthly per capita value of the transfer was MWK 663.

The transfer share is expressed as the transfer amount divided by baseline consumption. The transfer represented on average 19 per cent of baseline consumption among older people headed households, which is only marginally lower than the transfer share for all households (20 per cent).

Table 3. Average transfer payment and transfer share

	Endline	
	All households	Older people headed households
Household size	4.67	3.37
Real household total monthly transfer (MWK)	2,135	1,815
Real per capita total monthly transfer (MWK)	559	663
Real transfer share	0.20	0.19
Proportion of households with transfer share below 20%	0.64	0.66
N	*1,157*	*473*

It is important to note that for 66 per cent of older people headed households, the transfer share is actually less than 20 percent of baseline consumption (64 per cent for all households). This is important because cross-country evidence from the Transfer Project suggests that maintaining a transfer size that is at least 20 per cent of baseline consumption is important in generating wide-ranging program impacts.

Participants of FGDs and in-depth interviews (IDIs) found the amount of the transfer to be insufficient to cover their needs and to invest, but their main concern was the unpredictability of payments. Beneficiaries expressed the view that had the transfers (even if small) been consistently paid, they would be able to plan and make better use of the money. Payment delays affected, for instance, village saving loan clubs and payment of school fees:

> *"Village savings and loan association activities used to run smoothly, but now it takes time before we receive the money, sometimes three months. It means we cannot participate in VSLs because owe them money to settle the balances."* (FGD, female beneficiary, VSL member);

> *"Sometimes, this period coincides with the time for paying school fees and what it means is that the learners go to school without fees or we must borrow from our neighbours."* (FGD, older male beneficiary).

Despite the recurrent delays, beneficiaries were largely unwilling to raise this issue with programme implementers. They felt that it was inappropriate to voice out complaints since they believed that the government was doing them a favour:

> "We just receive what they have planned to give us…we do not ask. You do not ask questions about gifts…we did not work for it [SCTP money] so we are unable to ask." (FGD, female beneficiary, 76 years).

[36] Ministry of Finance, Economic Planning and Development, *Review of the Malawi National Social Support Programme: A Stakeholder-Driven Review of the Design and Implementation of the Malawi National Social Support Programme (2012-2016).*

6.2.3. Transportation and time cost of collection for older people headed households

A cash transfer that targets ultra-poor and labour-constrained households should be particularly concerned about ensuring accessibility, given their limited resources and capacity to travel long distanced. Figures 19 and 20 present information on the travel time and cost of transportation for older people headed households in receiving SCTP payments. Respondents reported spending anywhere from less than one hour to more than a day travelling to and from the payment point, with most having to travel less than two hours for a round trip (45 per cent travelling less than one hour and a quarter between one and two hours).

The vast majority of respondents (88 per cent) did not have any transport costs, while 10.7 per cent reported spending between MWK 50 and MWK 1,200 to reach payment points. The fact that the majority of recipients travel for one or two hours to the next payment point but do not incur any transportation costs suggests that most beneficiaries walk to SCTP payment points, which can be very challenging for older Malawians with limited mobility, disabilities or chronic illness. The e-payment mechanisms currently being piloted in various districts could be a welcome reform in that respect.

Figure 19. Total travel time to payment point and back

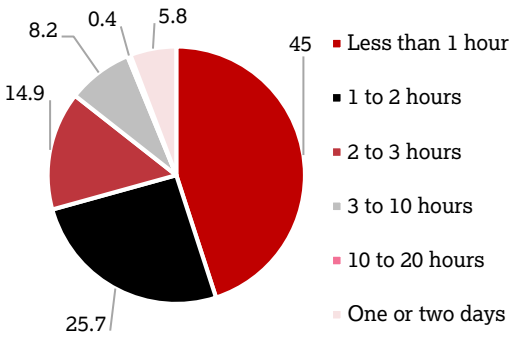
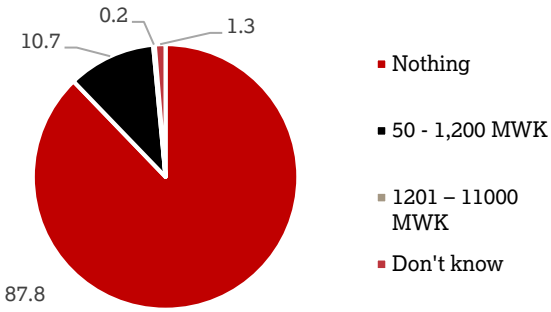


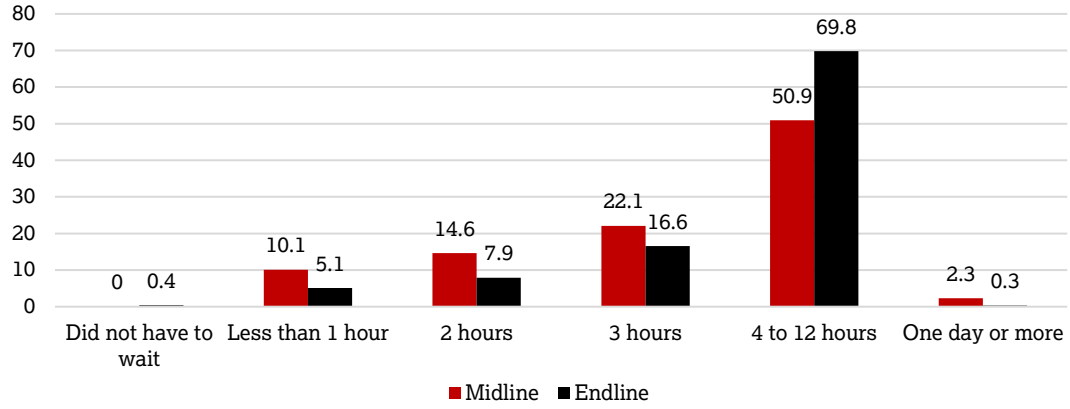
Figure 20. Transportation costs for collecting last SCTP Payment



Reported waiting times at the SCTP payment points were very lengthy, with 70 per cent of beneficiaries waiting between four and twelve hours to collect their last payment, a sharp increase from the 51 per cent of beneficiaries reporting to wait this long at payment points in the midline survey. These numbers suggest that waiting time at payment points is a serious issue and one that seems to be getting worse. This is of particular concern to older women and men, as more than half of them have a disability and other health issues and may find it particularly testing to wait for long hours to receive their payment.

The SCTP should invest in improving access by increasing the number of payment points, the number of staff at payment points, simplifying payment procedures, and ensuring adequate facilities (such as toilets, shade) are available at payment points. A well-functioning and context-appropriate e-payment system could also reduce the burden on older women and men in the SCTP.

Figure 21. Waiting time at payment point

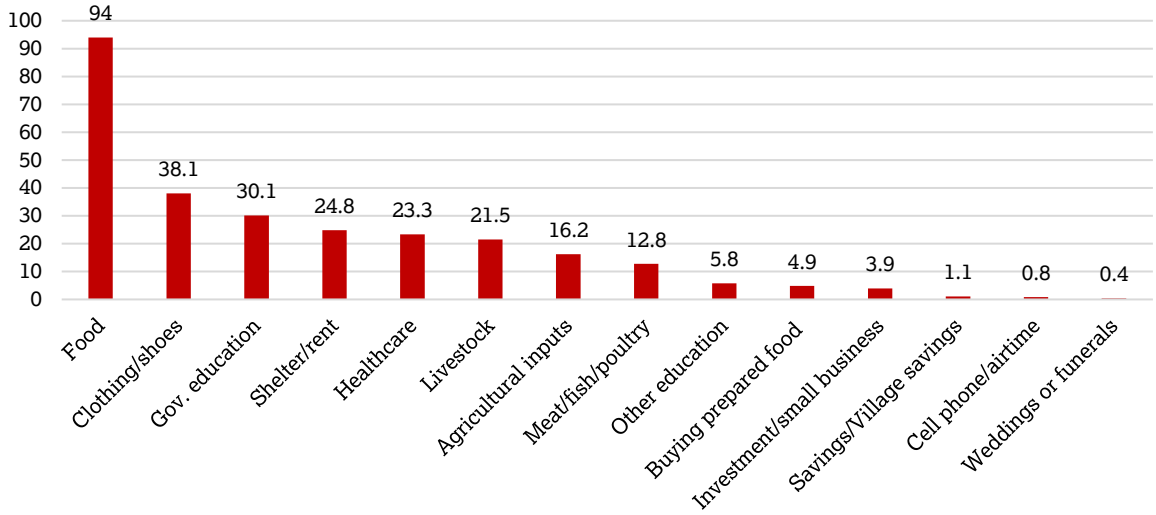


6.2.3. What do older people headed households use the transfer for?

The survey asked household heads about main use of the transfer. Focusing on older people headed households, 82 per cent of household heads stated that the transfer benefits all household members. Asked about who is consulted about transfer use, 60 per cent of household heads said that the head of the household decided alone, while 15 per cent consult their spouses and a further 15 per cent consult other adult family members.

Most older people headed households used the transfer funds on food (94 per cent), clothing and shoes (38 per cent), education (36 per cent), rent or shelter (25 per cent), and healthcare (23 per cent). Just over one-fifth of households used transfer funds to purchase livestock and 16 per cent of households invested in agricultural inputs. Very few households reported saving transfer funds (one per cent). The spending patterns between older people headed households and the overall SCTP population are largely similar, with both groups typically spending the SCTP on food, clothing, shoes and healthcare for the households, as well as education for children in their care.

Figure 22. Use of SCTP funds (multiple responses allowed)



Qualitative evidence confirms that most of the transfer's funds are spent on purchasing food. Other key areas of expenditure include costs related to education for school-age children (including transport and purchase of required school materials), clothing, healthcare, home repairs and investment in agriculture or small businesses:

> *"As a priority, we buy food then clothes for children. The money also helps us to buy medicine or use it to cover transport costs to access medical help at Liwonde Hospital or Balaka hospital whenever we are sick or sometimes we go to a private clinic at Utale clinic."* (FGD, female beneficiary, 75 years);

"Purchase of food for the household is our priority, then we look into the needs of the children, for example, soap, body lotion, school uniforms and notebooks." (IDI, male beneficiary, 72 years);

"I did not have a place to sleep. So, I hired people to mould bricks to build a house, which I am now living in." (FGD, male beneficiary, 68 years, living with a disability*);*

"I used to sleep in my neighbour's kitchen when walls of my house collapsed. I hired people to mould bricks and build a new house." (FGD, female beneficiary, 72 years, widow);

"The last time I received money from the programme, I bought vegetable seeds from the market, which I planted in my garden. When the vegetables were ready, I to sell them and earn some money." (FGD, male beneficiary, 63 years);

"I bought a goat so that it shall assist me in future. I also bought a door for my house, food, medicine, exercise books and school uniforms." (IDI, female beneficiary, 83 years);

"I bought a bicycle which I hire out. I know whenever a need arises that requires money, I can use the proceeds to solve the problems because we do not know when this programme will come to an end. When I receive the money this time around, I want to buy and invest in chickens, a business which will help me in future." (IDI, male beneficiary, 71 years).

6.3. Impacts on consumption of older people headed households

The following sections present evidence on the impact of the SCTP on selected aspects of the lives and livelihoods of older people headed households, starting with household consumption.

The evaluation found that the SCTP increased per capita consumption expenditure of older people headed households by MWK 9,940, which is about 18 per cent of total consumption at baseline. The largest component of consumption affected by the program is food, where the effect is MWK 8,367, which represents 84 per cent of the total consumption impact of the programme. It is interesting to note that, while programme impacts between older people headed households and the total SCTP population are similar (overall SCTP: MWK 10,929), the former spend larger proportions on food (overall SCTP: 76 per cent).

There were also significant increases in the consumption clothing, furnishings, miscellaneous goods and services, and education (at a 5% significance level). The transfer also increased spending on hotel and restaurants (at a 10% significance level). These increases closely resemble those of the overall SCTP population, in statistical significance and magnitude.

Table 4. Older people headed household consumption

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Per capita expenditure	9,940.43***	54,252.32	61,005.82	47,489.41
Food	8,367.22***	42,341.22	46,535.92	35,196.88
Alcohol and tobacco	20.12	108.24	111.07	84.31
Clothing	675.30***	330.09	1,054.54	260.98
Housing	-560.69	6,663.39	6,854.58	7,318.05
Furnishings	641.05***	1,425.46	1,879.97	1,105.23
Health	-196.06	1,729.65	1,849.88	1,973.93
Transport	191.31	392.57	437.06	172.77
Communication	-5.27	28.17	68.31	90.77
Recreation	-0.83	7.74	6.25	1.16
Education	194.66**	242.94	460.95	319.14
Hotels and restaurants	158.19*	305.80	520.20	234.59
Misc. goods & services	455.39***	677.01	1,227.06	731.56
N	4,227	718	701	695

Notes: * 10% significance ** 5% significance; *** 1% significance

6.4. Impacts on poverty of older people headed households

Table 5 reports programme impacts on individual poverty figures including headcount, poverty gap, and poverty severity. Individuals are poor if they live in households with per capita consumption below the national poverty line of MWK 37,003 (in 2011 MWK); individuals are ultra-poor if their household per capita consumption is lower than the food poverty line of MWK 22,007. The poverty gap represents the average consumption shortfall relative to the poverty line, and the severity of poverty captures the depth of poverty by giving more weight to individuals further away from the line (squared poverty gap).

Table 5. Individual poverty figures[37]

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Poverty Line				
Poverty gap	-11.43***	56.5	45.49	55.53
N	*3,732*	*610*	*560*	*633*
Poverty severity (squared gap)	-12.14***	36.16	24.34	34.99
N	*3,732*	*610*	*560*	*633*
Ultra-Poverty Line				
Headcount	-15.6 ***	73.1	57.0	73.8
N	*4,227*	*718*	*701*	*695*
Poverty gap	-13.93***	43.23	30.29	41.73
N	*2,753*	*450*	*346*	*477*
Poverty severity (squared gap)	-10.89***	22.90	12.40	21.61
N	*2,753*	*450*	*346*	*477*

Notes: * 10% significance ** 5% significance; *** 1% significance

The programme has had a strong impact on all three indicators of poverty. Recipient households are 15.6 percentage points (pp) less likely to live below the ultra-poverty line. The programme has had significant impacts on the poverty gap reducing it by 11pp and on the ultra-poverty gap which has reduced by 14 pp. The poverty severity has reduced by 12pp while ultra-poor poverty severity reduced by 11 pp, indicating the program is reaching the very poorest.

Poverty impacts on older people headed households are slightly more pronounced compared to the overall sample, suggesting that targeting the SCTP to older people headed households would be a very effective way to reduce poverty and especially ultra-poverty.

6.4. Impacts on food security of older people headed households

In addition to the programme impacts on measures of poverty and consumption, household welfare was also analysed in terms of food security (Table 6). Households were asked whether they worried in the previous seven days that they would not have enough food. At baseline, 82 per cent of older people headed households in the treatment group felt food insecure in the previous week; this declined to 71 per cent at endline, compared to 88 per cent of control households (a reduction of 15 pp at a 5% significance level).

The study also finds significant impacts on the average number of meals eaten per day (a mean increase of 0.23) and the proportion of households eating more than one meal per day, which rose to 93 per cent of treated households, as compared to 81 per cent of control group households (a 12-pp increase).

The baseline figures and endline impacts on food security are comparable between older people headed households and the overall SCTP population, indicating that cash transfers

[37] We are unable to report impacts on Malawi's overall poverty headcount, as this was not reported in the 2013-15 impact evaluation by the Transfer Project, which provides the data for this report. As households in the SCTP are expected to be ultra-poor and therefore reside far from the poverty line, impacts the overall poverty headcount are unlikely and less relevant than poverty gap and squared poverty gap.

have similarly strong impacts on food security of poor and vulnerable households in Malawi, whether or not they are headed by older people.

Table 6. Food security - enough food and meals per day

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Worried about having enough food for past 7 days	-0.151**	0.82	0.71	0.88
Number of meals eaten per day	0.225***	1.91	2.18	1.94
HH eats more than 1 meal per day	0.117***	0.81	0.93	0.81
N	4,229	718	703	694

Notes: * 10% significance ** 5% significance; *** 1% significance

The positive impact of the SCTP on food security was also very clear in the qualitative study. Individual interviews and group discussions show that the SCTP not only improved the availability of food, but also contributed to food diversity:

> *"Indeed, the frequency of our eating has changed. In the past, we were just eating once a day because of inadequacy of food but now we are eating three times a day because food is now in abundancy. When we have received Mtukula Pakhomo [local name for the SCT], we are able to buy enough food and stock ahead for months until we receive another package of Mtukula Pakhomo."* (FGD, male beneficiary, 81 years);
>
> *"When we have received Mtukula Pakhomo, we buy one kilogram of meat, vegetables, beans and groundnuts flour for vegetables which last us for some time."* (IDI, female beneficiary, 68 years);
>
> *"There is a huge change because when we receive the money we buy food without any problems: without it, we would not have food at all."* (FGD, female beneficiary, 73 years);
>
> *"This time we can eat three meals a day which was not the case before Mtukula Pakhomo – we were only eating once per day, now we are able to stock ahead the necessary items such as maize, soap, salt, relish for a month and sometimes two months."* (FGD, male beneficiary, 64 years).

Non-beneficiaries, on the other hand, reported to struggle to feed their families, as Balaka district suffered from long spells of drought and infestations of fall armyworm, which severely compromised agricultural yields:

> *"We usually eat once, sometimes two times per day. That's the life we have in the villages. We either have lunch or supper then we go to sleep. You can only afford to eat in the morning when you have flour for making porridge."* (IDI, female non-beneficiary, 70 years, widow).

Coping mechanisms for non-beneficiaries included engaging in piecework (ganyu), rationing food by reducing portions, skipping meals or only giving food to children:

> *"Sometimes we go to those who are on Mtukula Pakhomo to do piecework in exchange for food. We work in exchange for a plate of maize, which is milled into mgaiwa (maize flower)".* (FGD, male non-beneficiary, 62 years);
>
> *"We send the children to mould bricks, burn and sell them to those who are building, and we use the proceeds to buy food."* (IDI, male non-beneficiary, 68 years);
>
> *"When the food is in short supply we ration it; we reduce the quantity of food eaten per day."* (IDI, female non-beneficiary, 67 years).

6.5. Impacts on asset ownership of older people headed households

The SCTP has had noticeable impacts on the ownership of productive assets (agricultural assets and livestock) amongst older people headed households (Table 7). Agriculture remains the primary economic activity for most rural Malawians, and the inability to own and use basic implements for farming greatly affects productivity of these households. At endline, a 7-percentage point increase (at 5% significance) on ownership of agricultural

assets is observed, with 93 per cent of treatment households involved in crop production owning at least one agricultural asset[38]. The results also show significant positive impacts on the number of different assets owned; although there are no statistically significant results for asset purchases in the last 12 months and actual expenditure on asset purchases.

It is also interesting to note that participants of FGDs and IDIs reported using the SCTP to hire labour (*ganyu)* to help with labour-intensive tasks in their fields.

> *"I cannot do any work so when I receive the money, like this time around, I hire people to do the work for me. I am then able harvest some bags."* (FGD, male beneficiary, 71 years);
>
> *"I used to work on my farm alone although with struggles, and my farm was full of weeds all the time. However, when I started receiving the [SCTP] money, I am now able to hire laborers to work on it."* (IDI, female beneficiary, 66 years).

There are also significant impacts on livestock ownership and purchase. At baseline, about 30 per cent of older people headed households were involved in some form of livestock production; at endline over half were involved in livestock production (a 12.8 pp impact, significant at the 1 per cent level). Results from the impact analysis show strong positive impact on livestock ownership (31 pp) and livestock purchases (8.6 pp) in the last 12 months (both significant at 5% level). These impacts indicate that part of the SCTP cash is employed by older people headed households for productive use, although it should be noted that older headed households' investment in livestock is slightly lower compared to the overall SCTP population.

Table 7. Impacts on ownership and purchase of agricultural assets and livestock

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Agricultural assets				
Own any asset	0.073**	0.843	0.933	0.851
Number of asset types	0.246**	1.540	1.836	1.415
Asset ownership index	0.316***	-0.220	0.168	-0.317
Any Asset Purchase in last 12m	0.030	0.064	0.125	0.083
Total expenditure on purchases (MWK)	57.331	179.760	253.362	145.813
N	*4,303*	*731*	*730*	*704*
Livestock				
Livestock production household	0.128***	0.298	0.516	0.263
Livestock ownership index	0.310**	-0.216	0.336	-0.193
TLU owned[39]	0.031***	0.044	0.090	0.040
Purchased livestock in last 12m	0.086**	0.048	0.196	0.056
TLU Purchased	0.012**	0.003	0.019	0.003
N	*4,303*	*731*	*730*	*704*

Notes: * 10% significance ** 5% significance; *** 1% significance

The impact of the SCTP on ownership and purchases of durable goods amongst older headed households is presented in Table 8. Durable goods of interest included mortar/pestle, bed, table, radio, bicycle, lantern (kerosene) and mobile phone. The results show a significant 15 percentage point impact on the ownership of at least one of the durable goods, as well as the number of different durable goods owned. These impacts are generally larger amongst older person headed households as compared to the total SCTP population. The study also finds significant impacts on expenditures on durable goods among treatment group households in the last 12 months (of 389 MWK).

[38] Agro-assets considered for analysis were the following five basic assets: hand hoe, axe, panga knife, sickle and building/structure (chicken house, livestock kraal, poultry kraal)
[39] Tropical livestock units (TLU) use importance weights to provide a way of aggregating the numbers of the different types of livestock into a single metric to allow for overall comparison.

Table 8. Impacts on ownership of durable assets

Dependent Variable	Endline Impact	Midline Treated Mean	Midline Control Mean	Endline Treated Mean	Endline Control Mean
Owns any durable good	0.146***	0.566	0.514	0.851	0.699
Number of durable goods owned	0.566***	0.974	0.954	2.277	1.699
Any expenditure on goods in last 12 months	0.080***	0.043	0.022	0.191	0.111
Expenditure on durable goods durable goods in last 12 months (MWK)	388.656***	397.06	113.18	568.51	238.55
N	1,434	731	703	730	704

Notes: This module uses cross-sectional difference since it was only included in follow up survey; there are no baseline values. * 10% significance ** 5% significance; *** 1% significance

6.6. Impact on health status, morbidity and treatment seeking behaviour of older people

This section presents information about the impact of the SCTP on key health indicators for individuals aged 65 and above. The survey collected data on health status, morbidity, and treatment-seeking behaviour, as well as on chronic illness and disability status.

Main respondents were asked to rate the general health of household members on a five-point Likert scale, to report if household members suffered from a chronic illness, and to report if household members had difficulties seeing, hearing, walking or climbing steps, remembering or concentrating, or communicating – even with assistance such as glasses or hearing aids. Household members were considered to have a disability if they had a lot of difficulty with, or could not perform, at least one of these tasks. Table 9 presents programme impacts on health status, chronic illness, and disability on a sample of all individuals aged 65 and above (the head of the household and all other older household members).

Table 9. Impacts of self-reported health status, chronic illness and disability (individuals aged 65+)

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Poor health status	-0.013	0.172	0.128	0.166
N	*6,192*	*1,033*	*1,045*	*1,027*
Chronic illness	-0.015	0.618	0.584	0.595
N	*6,187*	*1,031*	*1,045*	*1,027*
Disability				
Any	-0.017	0.180	0.273	0.326
Seeing	-0.014	0.067	0.116	0.144
Hearing	0.004	0.026	0.062	0.059
Walking/climbing steps	-0.017	0.123	0.178	0.207
Remembering/ concentrating	-0.029	0.026	0.043	0.074
Communicating	-0.006	0.013	0.026	0.032
N	*6,188*	*1,032*	*1,045*	*1,027*

Notes: * 10% significance ** 5% significance; *** 1% significance

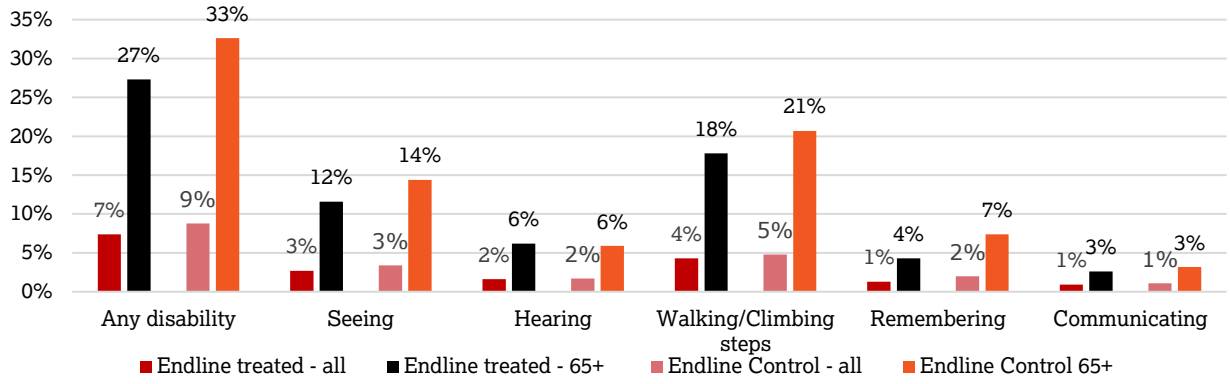
Similar to the results of the full sample, there are no significant programme impacts on the proportion of individuals in poor health nor on individuals reporting a chronic illness for individuals aged 65 and above. There was no change in the prevalence of any type of disability for either treatment or control households. This was anticipated, as long-term physical health conditions and injuries would not be expected to respond to cash transfers.

However, it is important to note the very high levels of prevalence of poor self-reported health status in all survey rounds for the sub-sample of people aged 65 and over compared to the full sample. At endline 13 per cent of treated and 17 per cent of control household members reported poor-health, which nearly four times the levels of the full

sample (at endline only 3 per cent of treated and 5 per cent of control beneficiary household members reported poor-health).

Equally, the prevalence of disability among individuals aged 65 and above is nearly four times the prevalence in the full sample (7 per cent among individuals in the treated and 9 per cent in control households). For instance, 12 per cent of individuals aged 65 and over in treated and 14 per cent in control households have difficulties seeing compared to around 3 per cent of individuals in the full sample, while about a quarter of individuals in both treated and control households have difficulties walking or climbing steps compared to around just over 4 per cent of individuals in the full sample.

Figure 23. Incidence of disability



The SCTP is associated with a statistically significant 13 percentage point decrease in the occurrence of illness or injury among individuals during the past two weeks (Table 10). However, half of individuals 65 and over reported an illness or injury at endline (47 per cent of beneficiaries and 51 per cent of control individuals); more than double the occurrence of illness or injury among both treated and control individuals in the full sample (26 and 28 per cent, respectively).

The SCTP is also associated with a significant 10 pp increase in the probability of seeking treatment for an illness or injury at a public or private health facility among individuals aged 65 and over. Despite this increase, 47 per cent of individuals in treatment and 48 per cent of individuals in control households did not seek treatment for a recent illness or injury.

Table 10. Impacts on morbidity, service use and health expenditures

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Any illness/injury past 2 weeks	-0.126**	0.608	0.467	0.512
Sought treatment at public or private facility	0.096**	0.443	0.466	0.479
Health expenditure (past 4 weeks, MWK)				
Any expenditure for illnesses or injury	-0.024	0.121	0.275	0.271
Expenditure for illness or injury	35.626	239.015	720.878	630.698
Any expenditure for non-illness related medical care	-0.003	0.017	0.010	0.017
Expenditure for medical care not related to an illness	-13.680	25.200	31.249	64.192
Any expenditures for non-prescription medications	-0.068	0.347	0.244	0.265
Expenditure for medical care not related to an illness	-29.101	140.563	116.351	127.345
N	*3,051*	*626*	*477*	*516*

Notes: * 10% significance ** 5% significance *** 1% significance

Respondents also reported their total expenditures for each individual in the household over the past four weeks for medical care, for medical care not related to an illness, and for non-prescription medicines. There are no significant programme impacts on health expenditures for individuals aged 65+ at endline (as with the full sample of all individuals). The average spent by individuals aged 65 and over on health is consistently higher compared to

beneficiaries from all age groups. For instance, older beneficiaries spent an average of MWK 720.87 on illness or injury, while full sample beneficiaries spent MWK 553.89.

Although there are no official user fees in Malawi's public health facilities, study participants cited poor quality of health care service provision and constant shortages of drugs as reasons to rely on private health care providers. The following quotes highlight how the SCTP enables older Malawians to meet some of their urgent health care needs at private facilities:

> *"Whenever I am sick, I can seek medical attention at Liwonde Hospital or sometimes I just go to a private hospital. Like this time, I have a neck ache, so I am waiting to receive Mtukula Pakhomo so that I should rush to a private hospital to get medical help."* (IDI male beneficiary, 62 years);

> *"Mtukula Pakhomo has really assisted us in that we are able to buy medicine whenever we are sick. Now, I have leg pains which make me walk with difficulties. I went to Utale Health Care facilities, but they did not have the medicine for my condition, so I was advised to buy medicine from Liwonde pharmacy. It was expensive, but I managed to pay because I had money I received from SCTP, this is something I could not afford in the past."* (FGD, male beneficiary, 70 years);

> *"On my side things have really changed; I used to worry where I will get food and ensure the health and well-being of the family, but not nowadays. Without SCTP, I would have been dead. My health has changed."* (FGD, male beneficiary, 69);

Despite a network of community health clinics and district hospitals, many Malawians have to travel long distances to access appropriate health facilities. The following quotes show that the SCTP has been instrumental in increasing health care access for older people and their families by covering costs associated with transport towards health facilities:

> *"Our health has really changed; whenever we fall sick we are able to seek medical assistance or sometimes you can just buy medication from the pharmacy. Here, the most reliable health facilities are Balaka and Machinga District hospitals. Whenever we want to access better medical treatment, we just use SCTP money to cover for transport of accessing services at these facilities."* (IDI, female beneficiary, 86 years);

> *"I go to Utale Clinic and receive medication but if there is no improvement, I take some money received from SCTP and go to a Machinga or Balaka Hospitals for scanning and other tests."* (FGD female beneficiary, 71 years).

6.7. Subjective wellbeing, independence and dignity of older beneficiaries

The household survey also included questions on individual's subjective wellbeing to complement the measures on material wellbeing. Individuals were asked about their expectations and preferences to understand the psychological dimension of programme impacts. This section discusses the impacts of the SCTP on subjective wellbeing of household heads aged 65 and above.

To assess perceptions of their future wellbeing, respondents were asked whether they thought their lives would be better in one or two years. Additionally, they were asked about the likelihood that their household would need financial assistance in the next year, and the likelihood that they would have a food shortage in the next year.

Older household heads benefitting from the SCTP have a more positive outlook on their future wellbeing in the longer term and are significantly more likely to think that life will be better in one or two years as compared to non-beneficiaries **(19 pp and 17 pp increases respectively). These positive impacts are comparable to the full sample of SCT beneficiaries.**

Table 11. Impacts on perceptions of future well-being

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Life will be better in a year	0.185**	0.484	0.624	0.376
Life will be better in 2 years	0.169**	0.335	0.550	0.343
Will likely need financial assistance	-0.117	0.646	0.468	0.597
Will likely have food shortage	-0.099	0.790	0.591	0.703
N	3,558	620	620	577

Notes: * 10% significance ** 5% significance; *** 1% significance

Additionally, household heads were asked questions about their quality of life and stress[40].

Results in Table 12 show that the cash transfer has had an important impact on quality of life. At baseline, the average score among treatment households was 16, which increased to 21 at endline. The overall programme impact is thus significant for quality of life; with an increase of 4.169 points for older household heads in treatment group over those in the control group at endline.

Similarly, there has been a statistically significant 1.4-point decrease in the stress scale for beneficiary household heads compared to those in the control group[41].

Table 12. Impacts on stress and quality of life

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Quality of life scale	4.169***	16.007	21.284	18.350
Stress scale	-1.407**	15.076	13.393	14.649
N	3,558	620	620	577

Notes: * 10% significance ** 5% significance; *** 1% significance

Participants in FGDs and IDIs spoke about how the **SCTP reduced their concerns about their ability to meet every day basic needs, particularly food, and enhanced their ability to plan**. This, according to beneficiaries, made them less anxious about the future and brought peace and happiness:

> *"Sometimes you do not have anything in the house with nowhere to get help from to the extent that you do not sleep at night because you lack peace. But these worries disappear when you learn they [the SCTP implementers] are coming to give us money, because it coincides with the period when you literally do not have anything in the house."* (IDI, female beneficiary, 70 years);
>
> *"Because of the programme, I am now able to plan for my future. For instance, when I receive the money, I am able to plan on how to use the money. I bought a goat to breed, and I will sell the offspring in future."* (FGD, female beneficiary, 60 years);
>
> *"Now we have hope and we can make plans about our future that is why we are joining Banki Mkhonde [Village Bank] as one way of investing for the future."* (FGD, female beneficiary, 65 years).

Older beneficiaries also highlighted that the cash transfer had given them a sense of dignity and independence, by allowing them cover some of their own expenses, reducing their reliance on children and other family members, or, in the case of those who have no support, the charity of others:

> *"Before Mtukula Pakhomo, we were laughing stocks in this community because of poverty, but the situation is no longer the same." (FGD, female beneficiary, 75 years);*

[40] A quality of life scale was constructed from respondents' answers to how much they agreed to a series of eight positive statements about their lives, such as "I am satisfied with my life" and, "If I could live my life over, I would change almost nothing." Each statement was ranked on a 1-5 scale based on how much the respondent agreed with the statement, with higher numbers indicating greater agreement, resulting in a scale with scores ranging from 8-40.

[41] Note that a decrease in the stress scale is considered an improvement (the higher the stress, the higher the stress scale rating).

"Before SCTP, we were not considered as people because we were finding it hard to get money to buy food and basics for the household." (IDI, older male beneficiary).

It was also noted that the SCTP has a positive impact on the self-esteem and inclusion of older people by enabling beneficiaries to take part in community activities and groups, which often involve some costs or financial contributions:

"*Sometimes you contribute a little something and you go to the hospital to visit those who are sick. When you have money, you take some and add with the money from other people and then you help other sick people to buy soap, or salt and even flour."* (FGD, female beneficiary, 67 years).

6.8. Impact on children living in older people headed households

This section reports on the impacts of the SCT on children living in older people headed households. It includes sub-sections examining programme effects on children's health, schooling and material wellbeing.

Nearly 70 per cent of older people headed households had at least a child (1.75 children on average) and 44 per cent of older people headed households were skipped generation households, comprised solely of older people and children. Older people participating in the FGDs and IDIs mentioned that they were caring for their grandchildren often because their children's marriages broke down, or because the parents were working in the city, and in some cases because both parents were dead.

"As of me, two grandchildren have been added under my care. I already have 3 grandchildren making it to five children under my care. Apparently, the marriage of my daughter broke down, so we have to share the money". (IDI, female beneficiary, 61 years);

"We are caring for orphans and we are able to support them because of the assistance we get from SCTP." (IDI, older male beneficiary).

6.8.1. Impacts on children's health

Child health and anthropometric data were collected at baseline, midline, and endline. Information about preventive health programme participation, recent morbidity, health service use, feeding practices, and delivery conditions were collected for all household children aged 0-5 years at each survey round, and anthropometric measurements were taken for all children aged 6-59 months[42].

Group means and estimates of programme impacts on anthropometric outcomes for children aged 6-59 months are presented in Table 13. At baseline, the average weight-for-age z-score (WAZ) for children aged 6-59 months residing in treated households was -0.87. By endline, children were slightly worse off in terms of overall means, and there were no statistically significant programme impacts on the WAZ. The overall treated mean on height-for-age z-score (HAZ) at baseline was -1.83, with over half (52 per cent) of the treated sample qualifying as stunted. Similar to the full sample, no overall programme impacts were found for HAZ or prevalence of stunting.

However, the evaluation found that the programme decreased the prevalence of wasting among beneficiary children by 5 percentage points (p = 0.10).

These results are in line with the results of the full sample and reflect the generally inconclusive evidence of cash transfers' impacts on anthropometric measures. A comprehensive review of global evidence on the impacts of social cash transfers by the Overseas Development Institute (ODI) finds that limited evidence on improvements in anthropometric measures most likely reflects the fact that achieving optimal child growth depends on a wider range of variables in addition to things that the grant can impact, such as increasing attendance at health clinics or the range of foods eaten[43].

[42] Note on sample: Older people headed households contained 1097 children under 5 across all waves; out of those, 187 (17%) have both parents dead or not residing in the household.
[43] Bastagli et al., *Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features.*

Table 13. Impacts on anthropometry among children ages 6-59 months

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Weight-for-age *(N=779)*				
WAZ (z-score)	0.121	-0.875	-1.023	-1.132
Underweight	0.017	0.130	0.205	0.209
Severely underweight	0.028	0.015	0.052	0.039
Height-for-age *(N=767)*				
HAZ (z-score)	-0.219	-1.832	-2.046	-1.760
Stunted	-0.039	0.524	0.531	0.392
Severely stunted	0.074	0.166	0.240	0.185
Weight-for-height *(N = 773)*				
WHZ (z-score)	0.205	0.266	0.199	-0.139
Wasted	-0.047*	0.051	0.043	0.061
Severely wasted	-0.019	0.000	0.000	0.023
N	773	137	131	135

Notes: * 10% significance ** 5% significance; *** 1% significance

Table 14 presents results of programme impact on feeding practices for children aged 0-5 years. **There is a significant impact on children being fed solid foods three or more times per day at endline** (13 percent, p=0.10). There were no statistically significant programme impacts on consumption of vitamin A-rich foods.

Table 14. Impacts on young child feeding practices

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Fed solid foods ≥ 3 times/day	0.126*	0.430	0.473	0.345
Consumed Vitamin-A rich foods in past day	0.081	0.664	0.814	0.725
N	*887*	*152*	*148*	*154*

Notes: * 10% significance ** 5% significance; *** 1% significance

Table 15 presents programme impacts on morbidity and care-seeking behaviours for sick children. The evaluation finds no statistically significant programme impacts on the incidence of diarrhoea, fever, and cough in the two weeks prior to interview.

However, significant gains in treatment-seeking behaviours can be attributed to the programme. At endline, 88 per cent of children with diarrhoea during the past two weeks, 89 per cent with a fever, and 95 per cent with a cough received treatment in beneficiary households, compared to 76 per cent, 88 per cent, and 66 per cent, respectively, in the control group. In fact, significant programme impacts were found for treatment-seeking behaviour for diarrhoea, fever and cough - compared to children from control households, with beneficiary children 64 pp more likely to have sought curative care for diarrhoea (p=0.01), 31 pp for fever (p=0.10) and 42 pp for cough (p=0.05).

Table 15. Impacts on young child morbidity and use of curative care (in the past two weeks)

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Any illness *(N=876)*	0.075	0.411	0.431	0.375
Diarrhoea	0.022	0.114	0.156	0.184
Fever	0.153*	0.220	0.248	0.185
Cough	0.033	0.281	0.192	0.116
Sought treatment ay public or private facility				
Diarrhoea *(N=112)*	0.637***	0.590	0.880	0.765
Fever *(N=181)*	0.308*	0.541	0.887	0.881
Cough *(N=152)*	0.416**	0.720	0.953	0.660

Notes: Estimations use difference-in-differences modelling among individual children in panel households and estimates for binary outcomes are reported as marginal effects.

* 10% significance ** 5% significance; *** 1% significance

6.8.2. Impacts on children's education

Table 16 displays the effects of the SCTP on school attendance and regular school attendance (defined as school attendance without withdrawal from school for two consecutive weeks or more over the past 12 months) on all primary and secondary school aged children (aged 6 to 17) living in older people headed households.

Estimates indicate strong effects of the programme on school participation, with children in the treatment group being about 10 percentage points more likely attend school than children in the control group (p=0.05) and about 12 percentage points more likely to attend school without interruptions (p=0.01). There is also an impact on grade progression, with the highest grade completed increasing by 0.5 (p=0.05). Finally, the rate of education expenditures and total education expenditures in the current school year increased as well.

Table 16. Education - primary and secondary school children (aged 6-17)

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Currently attending school	0.101**	0.708	0.897	0.811
N	*6,927*	*1,137*	*1,232*	*1,173*
Attending school regularly	0.120***	0.614	0.858	0.739
N	*6,926*	*1,137*	*1,232*	*1,173*
Highest grade completed	0.522**	2.594	3.159	2.934
N	*6,927*	*1,137*	*1,232*	*1,173*
Any education expenditure in current school year	0.104**	0.671	0.894	0.795
N	*6,846*	*1,107*	*1,232*	*1,173*
Total education expenditure in current school year	833.648***	515.757	1,194.487	729.208
N	*6,846*	*1,107*	*1,232*	*1,173*

Notes: * 10% significance ** 5% significance; *** 1% significance

These effects are largely driven by secondary school aged children (14 to 17). As shown in Table 17, the SCTP resulted in significant increases in school attendance (19 percentage points), regular school attendance (21 pp) and highest grade completed (0.8-year increase) for this cohort. There are no statistically significant impacts on school attendance, regular school attendance, or grade progression for the younger group (6 to 13) as displayed in table 18.

The chances of having any education expenditures also went up by 18 percentage points for 14-17-year olds, roughly equivalent to the impact on school attendance for this cohort (19 pp), and the total education expenditures increased by MWK 1,377 in the current school year. Total education expenditures increased significantly for primary school aged children as well.

Table 17. Education - secondary school children (aged 14-17)

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Currently attending school	0.186***	0.641	0.828	0.692
N	*1,920*	*280*	*417*	*369*
Attending school regularly	0.212***	0.556	0.780	0.613
N	*1,919*	*280*	*417*	*369*
Highest grade completed	0.789**	4.249	4.546	4.148
N	*1,920*	*280*	*417*	*369*
Any education expenditure in current school year	0.178***	0.625	0.826	0.685
N	*1,902*	*275*	*417*	*369*
Total education expenditure in current school year	1,377.336**	826.177	2,019.106	1,124.083
N	*1,902*	*275*	*417*	*369*

Notes: * 10% significance ** 5% significance; *** 1% significance

Table 18. Education - primary school children (aged 6-13)

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Currently attending school	0.070	0.729	0.931	0.866
N	*5,007*	*857*	*815*	*804*
Attending school regularly	0.085	0.633	0.896	0.796
N	*5,007*	*857*	*815*	*804*
Highest grade completed	0.412	2.061	2.477	2.381
N	*5,007*	*857*	*815*	*804*
Any education expenditure in current school year	0.078	0.686	0.928	0.845
N	*4,944*	*832*	*815*	*804*
Total education expenditure in current school year	568.296**	414.672	788.989	549.383
N	*4,944*	*832*	*815*	*804*

Notes: * 10% significance ** 5% significance; *** 1% significance

One possible explanation for the concentration of programme impacts on secondary school children is a possible "ceiling effect" for the younger group, since the enrolment rates of younger children at baseline was already fairly high (73 per cent). Also, the financial costs of secondary school are much higher than at primary level. Primary schools do not charge fees in Malawi and uniforms are not compulsory, so a cash grant has limited usefulness. On the other hand, there are fees at the secondary school level, as well as uniform requirements; also, there are fewer secondary schools, so the average travel time is higher, raising out-of-pocket costs. Thus, financial constraints are likely to be more influential among secondary school age children. However, it is unclear however why that was the case for older people-headed households and not others; results in the full sample were largely evenly spread between the two age groups.

The qualitative study in Balaka corroborate the overall findings, as beneficiaries felt that the SCTP had lessened the burden of education costs and more children under their care were now able to attend school:

> *"I have two grandchildren who sat on Standard 8 examinations, but I could not send them to secondary school because I lacked in school fees and uniform. However, when I was included in Mtukula Pakhomo, I managed to send them to secondary school. They are all in form four now. I used the same money to buy school uniform for Dziwe Day Secondary School."* (IDI, male beneficiary, 74 years);

> *"The programme is helping beneficiaries to buy school uniform and food for both primary and secondary school students in this community. Prior to the implementation of the programme, children were facing more food challenges, but with this initiative, they are able to eat before going to school."* (KII, Village Headman, 69 years).

According to participants, the SCTP also contributed to reducing absenteeism, which was common in the study communities, as children were often staying away from school to participate in ganyu. The SCTP reduced the need for children to work to cover households' basic needs. Indeed, the quantitative evaluation shows a significant 14 pp reduction in children participation in ganyu, as well as significant reductions in the number of days and hours children spend in ganyu labour (Table 19):

> *"Most children who dropped out of school for various reasons are now back to school. Even if you go to the video shows you will not find them, they are in class."* (KII, village chief).

Table 19. Children (10+ years only) participation in ganyu in the past year

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Participated in ganyu in past year (10+ only)	-0.138***	0.432	0.356	0.407
Days spent in ganyu labour	-11.286***	17.771	9.645	15.170
Hours spent in ganyu labour	-0.409**	1.477	1.012	1.179
N	*4,791*	*767*	*891*	*841*

Notes* 10% significance ** 5% significance; *** 1% significance

6.8.3. Impacts on children's material wellbeing

Material wellbeing of children is measured by using a set of three indicators recommended by the United National General Assembly Special Session (UNGASS) on monitoring and evaluation of orphans and other vulnerable children. The indicators are whether or not a child has a pair of shoes, has access to a blanket, and has a change of clothes. Table 20 shows the impact of the SCTP on each of these dimensions individually, and on whether a child has all three of these.

The SCTP has a strong impact on ensuring a child has all three of these basic material needs, with an effect of 15 percentage points at endline. This change at endline is driven by shoes (19 pp) and blankets (16 pp), whereas there is no impact of the SCTP on having a change of clothes, in part because the rate of having a second set of clothing was already relatively high at baseline (76 per cent).

However, around two-thirds of children living in treatment and 80 per cent of children living in control older people headed households do not have access to all three of these basic items, despite the substantive impact of the SCTP.

Table 20. Material needs of children living in older people headed households

Dependent Variable	Endline Impact	Baseline Treated Mean	Endline Treated Mean	Endline Control Mean
Owns shoes	0.192***	0.224	0.562	0.342
Owns a blanket	0.164***	0.330	0.536	0.339
Has a change of clothes	0.016	0.758	0.901	0.794
All 3 material needs met	0.147***	0.132	0.379	0.209
N	*7,096*	*1,178*	*1,262*	*1,211*

Notes: * 10% significance ** 5% significance; *** 1% significance

9. Conclusion

It is increasingly recognized that comprehensive social protection systems not only realize human rights to income security but are also effective mechanisms to foster national and human development, reduce poverty and inequality, and enhance resilience. This need for a comprehensive social protection system is clearly recognized by the Government of Malawi and its partners. Malawi is characterized by widespread and persistent poverty, growing inequality, limited resilience to shocks, and an urgent need to invest in human development. All these factors call for significant investments in building a comprehensive and nationally-defined social protection floor for Malawi, which has the capacity to ensure at least basic income security for all throughout the life-course, from maternity and infancy to old age.

Despite working all their lives and often performing important roles in society, most older Malawians live in chronic and deep poverty, with few savings and very limited access to pensions. Instead, Malawi's older people mainly rely on family-support, hand-outs, and subsistence livelihoods for survival. This lack of reliable income and social protection is especially concerning as ageing often comes with declining capacities to sustain productive livelihoods at a time when expenditures, especially on health care, rise.

High and persistent levels of informality, as well as widespread poverty, limit the scope for social insurance-based pension systems in many lower and middle-income countries, including Malawi. Recognizing those challenges, tax-financed social protection, and especially universal social pensions, are increasingly seen around the world as effective mechanisms to guarantee basic income security, wellbeing and dignity for older people. Recent years have consequently seen a significant increase in dedicated social cash transfers or universal old-age social pensions throughout the developing world.

Malawi's flagship social protection programme is the SCTP, an unconditional cash transfer targeted to ultra-poor and labour-constrained households. The SCTP has been a life-line of support for many poor and vulnerable older Malawians and their households, which make up a significant proportion of SCTP recipients, as the programme's eligibility criteria are closely related to old age, such as disability, chronic illness and labour constraints. Since its

launch in 2006, the impact of the SCTP has been rigorously studied and evaluations consistently find that the programme transforms the lives of beneficiaries, at least while they receive the transfer. For instance, the cash transfer significantly increases household consumption, food security, asset ownership, income and subjective wellbeing, as well as children's schooling and access to material needs.

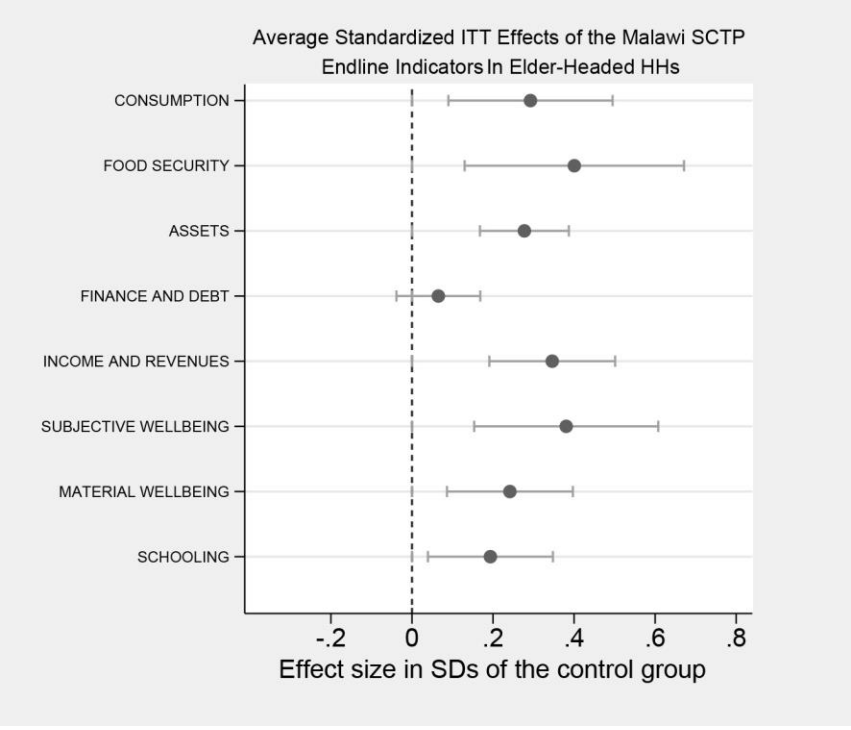
Given the importance of the SCTP in ensuring basic income security for Malawi's poor and vulnerable older people in the absence meaningful pension coverage, this study set out to develop a more nuanced understanding of the SCTP's impacts when the grant is specifically targeted towards households headed by older people (65 years of age or older), asking **whether cash transfers are effective mechanisms to improve the lives, livelihoods and wellbeing of Malawi's older people and their households.**

This study adds to the already substantive body of evidence on the effectiveness and impact areas of social cash transfers in Malawi, while shedding light on a relatively under-researched aspect of social protection and cash transfers: the impacts on poor and vulnerable older people and their households.

Evidence from qualitative and qualitative research undertaken in Malawi between 2014 and 2017 confirms that the SCTP is an effective instrument to improve the lives and livelihoods of poor and vulnerable older Malawians and their households. The SCTP, when targeted at older people headed households, leads not only to improvements in older people's health and subjective wellbeing, but also to substantial and statistically significant increases in overall household consumption, food security, ownership of durable and productive assets, income and revenues, subjective and material indicators of wellbeing, as well as improvements in children's education and their material needs.

Figure 24 captures impacts of the STCP on a selection of livelihood domains. For instance, the figure shows that the SCTP increases consumption by about 0.35 standard deviation units, and this effect is statistically significant because the confidence bound does not cross the vertical line drawn at zero. The evaluation has found no impacts of the SCTP on household finance and debt-related indicators.

Figure 24. Average standardized effects of the SCTP on adults aged 65+ and older people headed households



Effects are largely similar between the full sample of SCTP beneficiaries and older people headed households. For instance, overall consumption increases by around 0.3 standard deviation units for both groups. Likewise, food security and subjective wellbeing are areas with the strongest impacts on older people headed households and are amongst the top three strongest impacts in the full sample of all SCTP beneficiaries.

The SCTP does not seem to have significant impacts on childhood nutrition, regardless of whether it is targeted towards older people headed households or the full sample of beneficiaries, which is a well-recognized challenge of cash transfers, especially in Sub-Saharan Africa[44].

While the impacts on older people headed households and the full sample of SCTP beneficiaries are largely similar, there are also differences. For instance, the financial and debt position of households in the full sample improves through the transfer, whereas there is no effect on households headed by older people. Neither the qualitative nor the quantitative study provides much evidence on why this is the case and further research would be needed to shed more light on the interplay between cash transfers and household finance of older people headed households in Malawi.

The qualitative and quantitative research presented in this study clearly show the tremendous impacts of Malawi's social cash transfer on older headed households, highlighting how it enables some of Malawi's most poor and vulnerable households to retain or regain their place in society with dignity and respect, meet their basic consumption requirements, while simultaneously investing in the productivity of their livelihoods and the future of children in their care.

Recognising the growing evidence on the need, relevance and effectiveness of social protection and social cash transfers for poor and vulnerable older Malawians and their households, the Government of Malawi, civil society organizations and development partners are determined to develop a dedicated social protection instrument for older Malawians, as part of the country's efforts to define and implement a national social protection floor.

The following sections briefly discuss the rationale and feasibility of universal old-age social pension to be implemented in Malawi, summarizing a 2016 feasibility study conducted by the Minister of Gender, Children, Disability and Social Welfare.

In short, a universal social pension would transform the lives of older people in Malawi and make a major contribution to the achievement of wider development goals. By providing a minimum income to all older people, a universal pension would support them in meeting their basic needs while strengthening their role as active contributors and decision makers within their families and communities. It would also provide a cash injection into the households and communities where they live, boosting food security, catalysing rural development and increasing the life chances of children. At a macro level, a universal pension would make a major contribution to reducing rates of poverty as a whole, while providing a mechanism to ensure that the proceeds of economic growth are more fairly shared across the population.

10. The rationale for a universal social pension for Malawi

Given the large remaining 'coverage gap' in social protection for older people, there is a strong incentive for Malawi to explore the scope for a dedicated social pension. Social pensions are tax financed cash transfers paid regularly to older people, regardless of whether they have formally contributed to a pension in the past[45]. Social pensions are of particular relevance in countries like Malawi where the scope for expanding coverage of contributory pensions in the near future is low.

A social pension could be seen as a way to rapidly increase coverage of the pension system, providing a foundation for longer-term efforts to strengthen the contributory pension system.

A social pension would also represent a significant investment into orphans and vulnerable children, in line with the SCTP's foundational objective. It is worth recalling that nearly 70 per cent of older people headed households in the SCTP sample care for at least one child (1.75 children on average) and 44 per cent of older people headed households were skipped generation households. Evidence from Malawi and beyond shows that cash

[44] De Groot et al., Cash Transfers and Child Nutrition: What We Know and What We Need to Know
[45] Palacios and Knox-Vydmanov, *The Growing Role of Social Pensions: History, Taxonomy and Key Performance Indicators.*

transfers and pensions enable older people to more generously and effectively take care of infants and children in their care.

Social pensions have emerged as an increasingly prominent approach to expanding pension coverage in low and middle-income countries, and particularly in Africa. The last two decades have seen a sharp rise in the popularity of social pensions. Of around 100 countries with social pensions today, around half were introduced since 1990, and a third since 2000.[46]

In eastern and southern Africa, the oldest of these schemes is the Old Age Grant in South Africa that was introduced in 1927, followed by Namibia in 1942, Botswana (1996), Lesotho (2004) and Swaziland (2005). Small island states such as Mauritius and Seychelles also have long standing social pensions – introduced in 1950 and 1979 respectively – with Cape Verde joining them in 2006. In East Africa, Kenya and Uganda have both introduced social pensions in the last decade, which have been increasing in coverage gradually. The newest addition to the list is the Zanzibar archipelago (part of the United Republic of Tanzania) and Kenya's Inua Jamii 70 years above, which began implementation of a social pension in April 2016 and June 2018 respectively.

Universal, or near-universal, pensions have been a particularly popular approach in the region. Of the countries mentioned above, Botswana, Namibia, Mauritius, the Seychelles and Zanzibar all provide a universal pension to older people over a given age regardless of income or assets. Mauritius's pension – which was made universal in 1958 – is one of the earliest countries in the world to implement this approach. While the country is now one of the richest in Africa, the scheme was introduced when it was still a low-income monocrop economy. Indeed, the IMF has recognised the contribution of the pension to the country's "economic miracle[47]" over the last half-century. Lesotho and Swaziland implement near universal schemes, which only exclude beneficiaries of other pension schemes, while South Africa implements an "affluence test[48]", which attempts to exclude older people with significant income and/or assets.[49] In Uganda, around 125,000 older people in certain regions of the country receive a universal pension, with the government currently taking steps to roll out the scheme across the country.

Universal pensions have particular advantages over means-tested approaches in terms of impact, administration and incentives. Key benefits of a universal approach include:

- **They are effective at reaching the very poorest older people**: The fact that all older people are eligible for a universal pension means that they are effective at reaching the very poorest older people as well as those on the margins, who are often excluded from poverty targeted programmes such as the SCTP.
- **They are administratively simple to implement at national scale**: Universal pensions only require a very limited level of administration. They avoid the administratively intensive process of poverty targeting that entails various costs for government staff and community members. They also avoid the regular retargeting processes, only requiring a method to de-register beneficiaries when they pass away. In Zambia, the universal pension pilot was found to be much simpler than other more poverty targeted approaches used in other pilots that followed the same model as the SCTP in Malawi. Administrative costs for the universal pension were estimated at 5 per cent of transfer costs, compared to 15 per cent, which is common targeted schemes (not accounting for the unremunerated time of community volunteers). These factors mean that they are much simpler to rapidly scale up to national scale, which remains a pervasive issue in poverty-targeted schemes.
- **They gain high levels of political and social acceptability**: The potential for any social protection scheme to be invested in and sustained in the long term is strongly influenced by the level of political support, and willingness for citizens and governments to allocate resources towards them. Universal pensions have the potential to create a broad base of political support as they provide an entitlement that every citizen can one day expect to

[46] HelpAge International, Global AgeWatch Index 2014: Insight Report.
[47] Subramanian and Roy, *Who Can Explain the Mauritian Miracle: Meade, Romer, Sachs or Rodrik?*
[48] Checking whether individuals receive money from investments in banks, government pension funds, unemployment insurance fund and in the Receiver of Revenue. Immovable assets (housing) is verified with Register of Deeds.
[49] The means test in South Africa only excludes individuals with high levels of income or assets. The means test in South Africa only excludes individuals with relatively high levels of income or assets

benefit from. They can also be seen as the hallmark of a caring nation, which recognises all forms of contribution by its citizens across all ages with the potential to reduce the abuse and discrimination of older people in society. Poverty-targeted schemes tend to gain less political support as those who benefit are often those with least political voice, meaning that budgets are lower, and outcomes are less prioritised. The Nobel Prize winning economist and philosopher Amartya Sen put it in simple terms "Benefits meant exclusively for the poor often end up being poor benefits".[50]

Analysis from Malawi and elsewhere demonstrates how a universal pension could reduce poverty and inequality and have an impact on a range of other development indicators. This section highlights these impacts, based on both micro simulation using the IHS3, and a summary of relevant evidence from national and international literature.

A universal pension could lead to significant reductions in the poverty of households with older people. Figures 24 and 25 show the impact of three pension scenarios on the poverty rate and poverty gap of households where there is an older person. Three scenarios are tested with different benefit levels, all provided to older people 60+ universally. The benefit level of MWK 8,750 per month is an estimation of the national poverty line in 2016, a benefit of MWK 3,726 is equal to 20 per cent of GDP per capita, and a benefit of MWK 1,980 is equal to 10 per cent of GDP per capita. All benefit levels are in 2016 prices.

The analysis shows that a universal pension at MWK 8,750 would nearly halve the level of poverty in households with older people, from 45.8 per cent to 23.9 per cent. A smaller benefit of MWK 3,726 would reduce the poverty rate by around one fifth, to 37.5 per cent, while the MWK 1,863 benefit would have the smallest impact. The impacts on the poverty gap are even greater. Even the scenario with the lowest benefit would reduce the poverty gap by nearly a fifth (from 16.1 per cent to 13.3 per cent), while a benefit at the poverty line would reduce the depth of poverty by over 60 per cent.

These simulations of the poverty impacts of a social pension are in line with the findings of the qualitative and quantitative research on the SCTP presented above, which confirmed that cash transfers targeted to older people headed households significantly reduced their poverty rates and poverty gaps.

Figure 25. Impact of a universal pension on poverty rate of households with older people

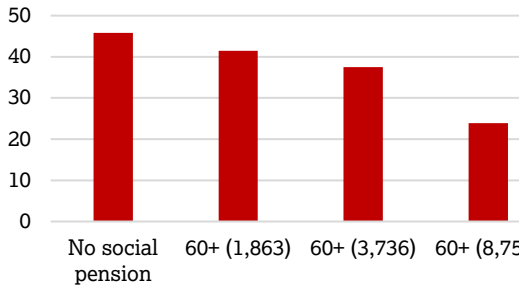
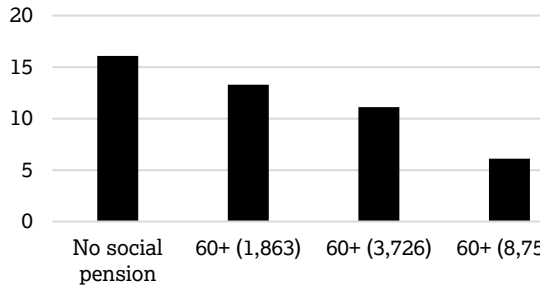


Figure 26. Impact of a universal pension on poverty gap of households with older people



A universal pension would also have an important impact on reducing the national poverty rate. Reducing poverty in Malawi will be a long-term process with no simple magic bullet. Nevertheless, by redistributing resources to poorer people in the country, a universal pension in Malawi would make an important contribution to poverty reduction efforts. A universal pension for over 60-year-old Malawians at the poverty line (MWK 8,750) would reduce the national poverty rate by 3.1 percentage points and move a similar proportion of people out of extreme poverty. This would equate to over half a million Malawians (520,000) being lifted out of poverty. It would also lead to the depth of poverty in Malawi reducing by 10 per cent. A more modest benefit of MWK 3,726 would reduce the poverty rate by 1 per cent. These gains may seem modest on the face of it but are relatively significant given that poverty in Malawi only reduced by 2 percentage points in the full 6 years between 2004 and 2010.

[50] Sen, *The Political Economy of Targeting.*

A universal pension would result in spillovers and multiplier effects that go beyond the immediate impacts.[51] The methodology used in the simulations above simply estimates the impact of increasing the income of recipient households by a given amount, and the corresponding impact on poverty. However, in reality, cash transfers create spillovers and 'multiplier effects' within communities that further increase the impact. For example, cash transfer recipients are able to employ people to work on their farms. They are also able to spend their income in local shops, increasing the takings of shopkeepers.

A 2017 study by the United Nations estimated that the SCTP creates significant multipliers and income gains for all household groups in a community. Under various design options the SCTP was found to create large increases in total rural income, substantially exceeding the amount transferred. These total real income multipliers range from MK 1.88 to MK 1.91 and if measures are taken to avoid price increases (e.g. productive interventions), these multipliers could rise to as high as 2.9 to 3.06 MK.

In countries with well-established social protection floors, pensions are commonly one of the primary tools used by government to reduce inequality. This is of utmost relevance to Malawi given the rising levels of inequality in the country. The main reason for the impact of pensions is that they provide a simple – and often the biggest – mechanism to redistribute wealth from richer to poorer sections of society. For example, in European countries where social protection has a major impact on reducing inequality, pensions commonly make the single biggest contribution to this trend[52]. Similar trends are emerging in low and middle-income countries. In Brazil – a country which has had some success in tackling very high levels of inequality - the pension system has contributed to a 12 per cent reduction.[53]

10.1. Affordability and financing of a universal pension

The cost of a universal pension is influenced by two key factors: the size of the population targeted, and the benefit level. The size of the eligible population for a universal pension is determined solely by the age of eligibility. Benefit levels are usually identified according to different benchmarks of adequacy that are relevant in the national context – such as the poverty line. A third factor which influences the cost of any cash transfer is administrative costs. However, these tend to be very low in the case of a universal pension.

There is a strong case for using a relatively low age of eligibility for a universal pension in Malawi. Globally, a number of rapidly ageing and high-income countries are exploring options to increase the age of eligibility for their pension schemes. Given the low life expectancy in Malawi, however, a low age of eligibility (for example, 60 years) would be more appropriate. According to United Nations population projections, life expectancy at birth is 64 years. This low level is somewhat misleading as it is influenced by high levels of child mortality. In fact, a child of 10 who has passed these early vulnerable years can expect to live to nearly 71, while someone of age 60 can expect to live to the age of 79[54].

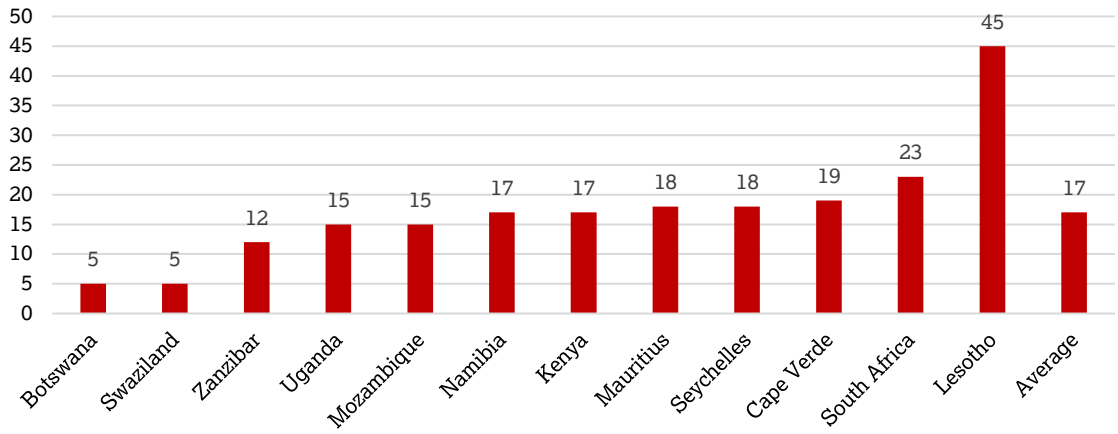
As an alternative, a higher age of eligibility would provide a pragmatic starting point for progressively rolling out the programme. Many low and middle-income countries have chosen to gradually reduce the age of eligibility for a universal pension over time, starting from a relatively high starting point. Nepal – a low income country – introduced its universal pension in 1995 for older people aged 75 and over but reduced the age to 70 in 2008. Bolivia introduced its universal pension for all older people 65+ in 1997, reducing the age to 60+ in 2008. Other countries including Mexico, Vietnam, and high-income countries such as Canada, have all followed a similar path in the past. Zanzibar's and Kenya's new universal pension also targets older people 70+ with a view to reduce the age of eligibility as more revenue becomes available.

A benefit level between 10 and 20 per cent of average income would be in line with most other countries in the region. Figure 25 shows the benefit level of other social pensions in sub-Saharan Africa as a proportion of average income (measured in GDP per capita). The

[51] Kagin et al., *Local Economy Impacts and Cost-benefit Analysis of Social Protection and Agricultural Interventions in Malawi.*
[52] Knox-Vydmanov, Why 'The Poor' Don't Exist (And What This Means For Social Protection Policy).
[53] International Social Security Association, *Social Security Coverage Extension in the BRICS: A comparative study on the extension of coverage in Brazil, the Russian Federation, India, China and South Africa*
[54] UNDESA, World Population Prospects The 2015 Revision Key Findings and Advance Tables.

majority of countries have social pensions somewhere between 10 and 20 per cent of GDP capita (coloured in orange), with the average being 17 per cent. Botswana and Swaziland both have lower benefits (5 per cent of GDP per capita) while South Africa has a benefit slightly above the average (23 per cent). The average in Africa is comparable to other regions, at 17 per cent of GDP per capita in Latin America, and 15 per cent in Asia.

Figure 27. Benefit levels of social pensions in Africa as a proportion of average income (GDP per capita)



While the benefit level for a universal pension would ideally be set at the poverty line, it may take some time to reach this ambitious goal. A benefit level at the poverty line (which in 2016 stands at approximately MWK 8,750 per month) would be equal to around 47 per cent of GDP per capita. Although there are some other schemes with benefit levels of this value (e.g. Lesotho) it could be argued that this would not be the most pragmatic approach in Malawi.

The cost of a universal pension would vary significantly depending on the parameters chosen. Table 21 presents the cost of a universal pension in 2016 prices, calculated using the NSO's population projections for 2016 and economic data from the IMF World Economic Outlook database. The results show that – depending on benefit level and age of eligibility, the costs will vary substantially. At one end of the scale, a benefit at the poverty line (MWK 8,750) to all over 60s would cost MWK 76.4 billion, or 2.03 per cent of GDP. At the other end of the scale, a benefit of MWK 1,863 (10% of average income) to over 70s would cost just MWK 7.5 billion, or 0.2 per cent of GDP.

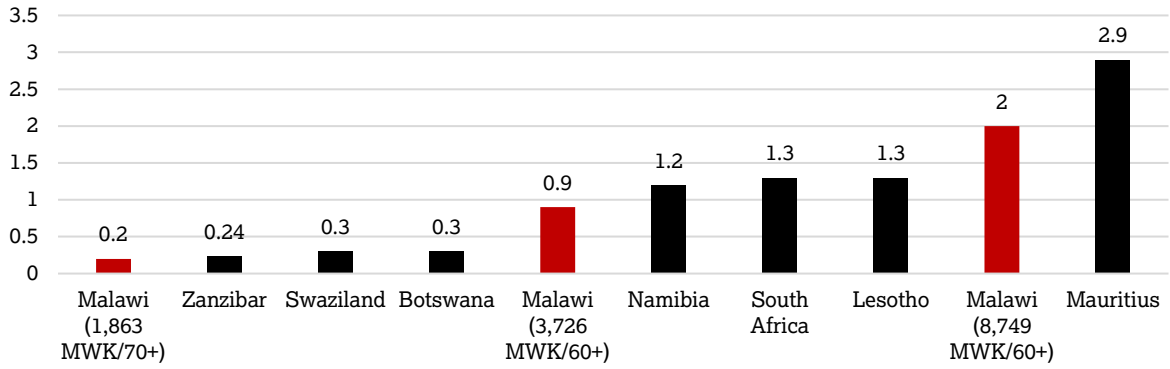
Table 21. Cost of a universal pension (2016 prices)

Monthly benefit		Age of eligibility	Cost		
MWK	% of GDP per capita		MWK (billion)	% of GDP	% of Gov. expenditure
8,749	47	60+	76.4	2.03	8.16
		65+	53.2	1.41	5.49
		70+	35.4	0.94	3.79
3,726	20	60+	32.5	0.86	3.47
		65+	22.7	0.60	2.42
		70+	15.1	0.40	1.61
1,863	10	60+	16.3	0.43	1.74
		65+	11.3	0.30	1.21
		70+	7.5	0.20	0.81

The scale of cost in these scenarios matches the variety in levels of expenditure on universal pensions across the Africa region. Figure 28 takes three different scenarios from the costings in Table 21 and compares them to expenditure on universal pensions by other countries where they already exist. The most limited scenario (MWK 1,863 to over 70s) would be similar to levels of expenditure on social pensions in Zanzibar, Swaziland and Botswana. A middle scenario of MWK 3,726 to over 60s would be similar to what Namibia, South Africa and Lesotho spend on their social pensions. Finally, a benefit of MWK 8,749 (at the poverty line) to all over 60s would be higher than most countries in the region spend, but still less than Mauritius, which spends 2.9 per cent of GDP on its universal pension.

The transfer level of the middle scenario is approximately the same of the SCTP. For reference, the 2018 transfer value of the SCTP ranges from MWK 2,600 per month for a one-person household to MWK 5,600 for a household with more than four members. Households also receive a primary-school bonus of MWK 800 and a secondary-school bonus of MWK 1,500 per month and per child.

Figure 28. Spending on universal pensions in Africa, compared to Malawi costings



Identifying which scenarios are feasible in the short, medium and long-term means taking account of the potential to create "fiscal space". While a benefit with lower age of eligibility and an adequate benefit level would be desirable, it may take some time for Malawi to be in the position where it can afford such a scheme.

The economic situation in Malawi does create a challenging fiscal context. As discussed in the introduction, Malawi faces a number of economic challenges, and these in turn have had a knock-on effect on the fiscal situation.

Nevertheless, options exist to create fiscal space for a universal pension in the coming years. According to the IMF, Malawi's economy recently rebounded from two years of drought and growth picked up from 2.3 percent in 2016 to an estimated 4.0 percent in 2017[55]. Current plans to reduce the transfer and coverage of the large Farm Input Subsidy Programme (FISP) could also create greater fiscal space for social protection, which is recommended by a range of stakeholders including the World Bank[56]. Even if shared with other programmes such as the SCTP, this would create sufficient revenue for making first steps in rolling out a universal pension.

Given the fiscal situation, a reasonable ambition for Malawi in the medium term would be a universal pension at 20 per cent of GDP (MWK 3,726) to all older people aged 60 and over. Such a scheme costing 0.86 per cent of GDP, or MWK 32.5 billion would constitute just 4 per cent of current government revenue (which is anticipated to grow). This appears to be a reasonable proportion of the budget to spend given the major impacts such a programme would have immediately, and in the long term. It would also avoid squeezing the budget for other critical expenditure such as health and education, and other cash transfers such as the SCTP.

In the short term, a scheme at the same level (MWK 3,726) for older people aged 70 and over would be a pragmatic place to start. The cost of this scheme – MWK 15.1 billion or 0.4 per cent of GDP – is well within the levels of scale of revenue that the IMF has said could be generated in the short term. Such a scheme would allow Malawi to begin rolling out a universal pension on a relatively small scale to put adequate administrative systems in place. In the coming years, the country could then seek to expand the scheme gradually as more revenue becomes available.

[55] IMF, Malawi 2018 Article IV consultation and request for a Three-year arrangement under the Extended Credit facility.
[56] Dabalen et al., *Pathways to Prosperity in Rural Malawi.*

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