TITLE

Targeting Cash to Malawi's Ultra Poor: A Mixed Methods Evaluation

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ABSTRACT

Governments target transfers to direct limited resources to impoverished households. However, ensuring that the destitute are primary recipients is a considerable challenge. We used mixed methods and multiple data sources to examine the assumptions used in planning for the Social Cash Transfer Scheme (SCTS), the operationalization of key concepts, implementation of the SCTS, and the scheme's errors of inclusion and exclusion.

Despite serious challenges, such as inaccurate assumptions about the proportion of households that meet the eligibility criteria, unclear operationalization of programmatic concepts, inaccurate community-level data, and inadequate implementation, the SCTS's impressive impacts on beneficiaries provide strong motivation for improving the targeting process. While the scheme's error rates are within global averages, implementation can be improved at a modest cost.

Targeting Cash to Malawi's Ultra Poor: A Mixed Methods Evaluation

Launched in June 2006, the Malawi Social Cash Transfer Scheme (SCTS) is a poverty reduction tool in the Government of Malawi's National Social Protection Policy, which is an effort to reduce widespread poverty. The Social Cash Transfer Scheme is implemented by government at the district level, and was designed to deliver regular grants to "ultra poor" households that are also labour constrained. Findings from a randomized community control trial, where intervention and comparison households were followed for one year, indeed indicate that the SCTS stimulates impressive impacts on child health and education, health seeking behavior, food security, agricultural production and asset accumulation (Miller, Tsoka, Reichert, 2008a; 2009a, 2009b).

By January 2008, 2,889 households in Mchinji were receiving transfers with total program expenditures at MK6.1 million (US$43k) per month. By December 2008, the SCTS was operational in seven districts, reaching 13,045 households and 51,400 beneficiaries. Current plans are to scale up to nearly 300,000 households at US$60 million per year by 2013.

In cash schemes, transfers are targeted so limited resources may reach the most impoverished households. However, identifying, and ensuring that the destitute are the primary recipients of benefits is a considerable challenge facing governments throughout the world. Progressive schemes, where benefits target and reach the poorest households are the goal, however some systems are actually regressive, such that a higher proportion of benefits reach relatively wealthy, rather than the poorest households (Lindert, Skoufias, Shapiro, 2006). The trade-off for well-targeted programs is higher operational costs, because perfect targeting is expensive and time intensive (Coady, Grosh, Hoddinott, 2004). An analysis of the coverage of transfer schemes by Fiszbein, Schady, Ferreira, et. al. (2008) documents the wide variation in coverage of the poor

by scheme. Coverage in the lowest economic deciles ranges from about 1% of households in Cambodia to 72% of households in Ecuador. In Bangladesh, the program is actually regressive, and wealthier households are more likely than poorer households to receive benefits. In Mexico and Honduras, the percentage of households that receive the transfer drops off after the second lowest deciles, indicating effective targeting to the poorest households.

According to Coady et.al. (2004), the six main targeting methods used to identify eligible recipients for transfers include 1) Means testing, based on income, 2) Proxy means testing, based on some indicator of poverty, 3) Community-based targeting, based on local knowledge of poverty, 4) Geographical targeting based on location, 5) Demographic targeting, based on some characteristic such as age, gender, or orphanhood, and 6) Self-targeting, which is available to all who apply.

The majority of cash transfer schemes in Latin America and Asia use a combination method of geographic and household targeting, usually via proxy means testing, while some cash transfer schemes use community based targeting in an attempt to increase transparency (Fiszbein et. al. 2008). The SCTS employs a community based, multi-stage, participatory targeting process, where community members determine which households meet the eligibility criteria.

Targeting Evaluation

We evaluated the scheme's targeting approach by examining each phase of the SCTS's design, including the planning process, operationalization key concepts, implementation, and the scheme's outcomes (Table 1). We use multiple data sources in order examine each stage. Finally, we suggest prioritized recommendations for program improvements.

[Table 1 about here]

METHODS

Secondary Data Analysis

We obtained the Integrated Household Survey (IHS2) data from the National Statistics Office and additional raw data on IHS2 from the World Bank, because the final IHS2 report did not include disaggregated data. With the raw IHS2 data, we calculated household level variables including dependency ratios and food and non-food expenditures using the entire national sample (n=11,280) and a sub-sample from Mchinji District (n=240).

Quantitative Data Collection and Analysis

For quantitative data collection activities, our methods for instrument development and research assistant (RA) training is explained elsewhere (Miller, Tsoka, Reichert, 2009a).

Targeting Data

To examine inclusion and exclusion rates and to understand the distribution of poverty in Mchinji, we began by creating a listing of all households in the geographic region where the scheme was operational in June 2007, as there was no other source of information available. Our team walked door-to-door, crossing physical barriers such as swamps, in order to list every household in the catchment area. We confirmed the list's accuracy with village leaders and community members. We listed 20,746 households, which conflicts with District estimates of 26,769 households. District officials confirmed that their numbers were estimates collected without any systematic counting process.

Once the listing was completed, we selected a random sample of this households. Calculations for the sample size were based on the following parameters: The population estimate where the

SCTS was operational was 21,000 households. With an unclear poverty rate, we chose the most conservative estimate (50%) yielding the highest sample size. We used the standard 95% confidence interval with a 4% margin of error to yield a sample of 586 households. Assuming a 92% response rate, we added an additional 54 households to the sample size. We selected a systematic random sample of 640 households from the listing of 20,700 households to be representative of the entire catchment area. We then administered a survey to determine each household's economic and demographic situation.

Impact Data

In March 2007, we administered a survey to intervention and comparison households identified through the community-based targeting procedures. The sample size and selection process is described elsewhere (Miller, et. al. 2009a). While this data was collected as part of a randomized community control trial to examine the scheme's impact, it also allowed us to estimate the inclusion error from the targeting procedures based on whether households met the ultra poor and labour constrained criteria.

Methods to make IHS2 and Targeting Evaluation data comparable

For both surveys that we collected in Mchinji, the data was transferred from Census and Survey Processing System (CSPRO 3.3) into Statistical Analysis Software (SAS 9.1) for analysis.

In the primary IHS2 analysis conducted by NSO and World Bank, an internationally comparable 'consumption and expenditure' aggregate measure was created through a series of calculations that include 1) summing expenditures, 2) setting the value of home produced food to an average, 3) adding an imputed value of rent, 4) imputing a value for the "consumption" of durables, 5)

setting outlying data to the mean, and 6) imputing missing data (National Statistics Office, 2005). However, during SCTS planning, the design team set the cash transfer payment level assuming that the poverty line was solely set against household food and non-food expenditures, rather than against the combined expenditure and consumption indicator (Shubert, 2007).

Thus, in the targeting and impact data, we measured the interaction between households and the cash economy, collecting expenditure data on a wide range of food and non-food items, rather than computing a combined consumption and expenditure variable. In cases where we found outliers or had missing data, rather than imputation or setting outliers to a mean, we returned to the house to get clarity on the data point.

Despite these differences, we created adjusted and comparable expenditure measures in order to use the IHS2, the targeting, and the impact data in this analysis. Specifically, to obtain a household expenditure value, we summed raw food and non-food expenditures in all datasets for each household, and adjusted for inflation for 2006 and 2007 in the IHS2 dataset.[1] To determine a cut-off for the lowest expenditure quintile, we used the maximum value in the lowest expenditure quintile from the IHS2 national dataset, adjusted for inflation (MK15,256 or US$109 per household; MK3,742 or US$28 per capita per month). Households in each dataset with expenditures below the household or per capita cut-off were categorized as being within the lowest expenditure quintile.

In addition, the food poverty or ultra poverty line was created by estimating the costs of food needed to meet a recommended daily caloric intake (National Statistics Office, 2005). To

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[1] 2006 inflation = 17.5%, 2007 inflation = 6.8%

determine the percentage of households below the food poverty line, we used the total value of raw food and non-food expenditures from households in the IHS2 at the 22.3 percentile, given that NSO and World Bank analysts had determined that 22.3% of households were ultra poor (MK16,553 or US$118 per household; MK4,051 or US$29 per capita per month). Households in each dataset with expenditures below the food poverty line were categorized as ultra poor using this definition.

In a comparison of this expenditure data from the IHS2 for Mchinji and Targeting datasets, findings are appear consistent (Figure not shown but available in Miller et. al. 2008b). Using these measures, we systematically calculated univariate and bivariate statistics to determine the proportion of ultra poor and labour constrained households and the scheme's inclusion and exclusion rates.

Qualitative Data Collection

We developed structured questionnaires for in-depth interviews (IDI), key informant interviews (KII) and focus group discussions (FGD) with local and traditional leaders, district officials and trainers, and Community Social Protection Committees. RAs took handwritten notes in Chichewa, and FGDs were recorded. Chichewa notes and recordings were transcribed and translated into English. Field supervisors observed RAs and reviewed all reports to ensure accuracy and consistency between transcripts, verifying translations and obtaining clarifications as needed.

In addition, we observed SCTS operations during the months of March, April, June, September-November of 2007 and March and April 2008. We also observed the training of CPSC

committee members, ranking exercises, and community meetings. For observational activities, we wrote notes, took photographs and videos, and compiled reports.

Qualitative Data Analysis

We read and reread transcripts and reports from all qualitative data collection activities. Next, we developed codes for categorizing data in order to conduct a content analysis to identify salient themes and patterns of ideas related to study topics. We coded all qualitative data using NVIVO 8 software.

Analysis of reports, processes and monitoring tools

We collected relevant reports from the District Assembly, and implementing partners including the National AIDS Commission, United Nations Children Fund, and the Ministry of Economic Planning & Development. In reports and files, we assessed activities related to targeting and scheme implementation.

Triangulation of data

Once we systematically analyzed data from each of these activities, we merged findings to answer the research questions. In June 2008, we submitted a draft Targeting Report to the Government of Malawi. The evaluation team attended a one-day discussion with national and district stakeholders and a half-day meeting with a range of district and community stakeholders in order to discuss the reports. Stakeholders were invited to submit additional comments before the evaluation was finalized (Miller, Tsoka, Reichert, 2008b).

RESULTS

SCTS Planning

To qualify for the SCTS, households must be ultra poor and labour constrained, which are defined as follows (Shubert, 2006): Ultra poor households are below the national ultra poverty line, in the lowest expenditure quintile, consume only one meal per day, and own no valuable assets. Labour constrained households are elderly- or child-headed with no adults aged 19-64 that are fit for work, and have dependency ratios that can not be calculated because there are no able-bodied adults. Additionally, eligible households must be labour constrained with a dependency ratio worse than three so that one able-bodied adult must care for more than three dependents, and / or contain chronically ill or disabled adults who are considered dependents.

Planning for the SCTS was based on data from the IHS2 as well as an assumption that poverty estimates from neighboring Zambia were applicable to Malawi.[2] According to the IHS2, 22% of households fell below the ultra poverty line (National Statistics Office, 2005). In Mchinji District, 30.6% of households were classified as ultra poor (National Statistics Office, 2005). The explicit assumption made during SCTS planning was that of the 22% of households that are ultra poor, 45% of these (250,000 households nationwide) were also labour constrained. Thus, the SCTS was designed to reach all ultra poor and labour constrained households, or an estimated 10% of all households. The underlying assumption is these households are non-viable because they lack labour.

Testing Programmatic Concepts: Comparison of data sources

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[2] Dr. Bernd Schubert, <u>Note on the ongoing correspondence regarding the depth of poverty and the number of ultra poor and labour constrained households in Malawi</u> <u>May 07</u> "A survey conducted in 2003 by the Zambian Ministry of Community Development and Social Services with GTZ assistance arrived at the conclusion that 10.5% of all households in Zambia are ultra poor and labour constrained. It is assumed that the poverty profiles in neighbouring Zambia are not entirely different from Malawi."

We compared the IHS2 and Targeting datasets to demonstrate how programmatic definitions yield disparate results; and to determine the accuracy of the assumption that 10% of households in Mchinji are ultra poor and labour constrained.

Labour Constrained

Although the official IHS2 report was used as a key planning tool (Shubert and Kambewa, 2006; Shubert 2006), there are differences in the way that concepts are presented in the report vis-à-vis how they are operationalized in the SCTS. For example, in the report, dependency ratios are calculated using 14 years as the cut-off for children, while the SCTS manual specifies that children are under 19 years, adults are 19-64, and elderly persons over 64 years are counted as dependents. In addition, the IHS2, does not calculate dependency ratios using information on chronic illness and disability so that working aged adults with illnesses and disabilities are not counted as dependents. Ultimately, these differences mean that the IHS2 report underestimates the percentage of households that meet the SCTS criteria. Table 2 presents the proportion of households that meet the labour constrained criteria using raw data, rather than official estimates from the IHS2.

Additionally, when examining dependency ratios between datasets, we found disparate results, such that 20.8% of households in the national IHS2 sample, 18.8% of households in the Mchinji IHS2, and 30.5% of households in the Targeting sample were labour constrained. Nevertheless, we expected to see some variation in these results given the differences in the datasets. For example, the National IHS2 data contains all districts, including urban areas and northern districts that are wealthier and healthier than Mchinji. The IHS2 data was collected in 2004/2005, while the Targeting data was collected in 2007. Furthermore, we would expect to see differences between Mchinji in the IHS2 and the Targeting data because the IHS2 samples from the entire

district, including households near the main tarmac roads and the capital city, which are wealthier than households in the Targeting sample. According to the DA leadership, at least three of the four TAs in the Targeting sample have higher levels of poverty compared to other TAs and they are all among the most rural in the district. Finally, it is common to draw statistically accurate samples from the same or similar populations and yield different results that are within the expected sampling distribution.

[Table 2 about here]

Labour Constrained and Ultra Poor

To determine the percentage of labour constrained and ultra poor households, we examined rates of ultra poverty (Table 2).

One meal per day: The IHS2 does not collect this indicator. When the Targeting data was collected, 13% of households were already receiving the transfer. With this caveat, 5.6% of the remaining households were labour constrained and reported consuming one meal per day.

Lowest expenditure quintile: Using the adjusted economic measures, 7% of households in the IHS2 were both labour constrained and in the lowest expenditure quintile. In the Targeting dataset, after cash recipient households were removed, 9.4% of households fell within the lowest expenditure quintile and were labour constrained. The Targeting dataset clearly yields a higher proportion of eligible households than the national data.

Food poverty line: In the IHS2 data for Mchinji only, 9.2% of households were labour constrained and fell below the food poverty line. Excluding cash beneficiaries in the Targeting data, 10% of households met the SCTS criteria for inclusion.

Operationalizing concepts for the Social Cash Transfer Scheme

When the terms ultra poverty and labour constrained are operationalized to estimate the

number of households that meet the SCTS criteria, the results are disparate because the

various definitions for the terms are conceptually different. Of course, community members

do not have detailed expenditure information, so they use proxies. However, the proxies of

ultra poor and labour constrained are not operationalized at the village level with clarity.

Ultra poverty is defined as hunger, malnourishment, begging, being in danger of starvation,

and having no valuable assets like livestock (Shubert 2006). These proxies of poverty are

inappropriate given that most households do not have these items (83% do not own goats,

93% do not own pigs and 95% do not own cattle). If lack of asset ownership is a proxy for

ultra poverty, then the assets should be those that most people own (e.g. a mat) to

differentiate between poor and ultra poor households. According to one CSPC member,

> *"When they trained us they told us that households that were to be selected were the ones that*
> *were ultra poor. They …were the ones that had no goats, pigs, cattle, car, iron roofed house,*
> *cell phone and TV set.… When we finished the training they told us that we were successful."*

Although CSPCs think they are correctly targeting households, they may be excluding the

poorest households.

Labour constrained households are operationalized as those that have breadwinners who have

died, have no able-bodied working age person, have old, very young, disabled or sick persons in

the household, or have a dependency ratio over three. Still, the lack of precision around these

proxies invites errors. Terms such as 'very old' are intended to only include over 64-year-olds,

but CSPCs may include any 'older' household head. Households with a recent death have been

included, despite failing to meet the dependency ratio criteria. Furthermore, there is no

systematic method to determine how sick or disabled someone must be to be labour constrained. The risk in the targeting process is that the most destitute households could be overlooked because the proxies are too broad. Ideally, community based targeting increases transparency as local knowledge assists in selecting recipients. However, selecting beneficiaries is complicated because CSPCs must choose the poorest among households that are nearly all poor, using criteria that is not specific enough.

Implementation

In the next section, we describe the targeting approach implemented by district trainers, extension workers, and CSPCs, and present findings from our assessment of the process.

Step 1. *District Extension workers mobilize a meeting to introduce the SCTS and elect members to the CSPC*

District trainers reported that meetings are often well attended, but in some cases, only specific groups attend, such as the elderly, because untrained extension workers mistakenly announce that only these groups meet the eligibly criteria. An important limitation has been exclusion of extension workers in the SCTS, given that they work in the villages and could help with implementation. Extension workers, who personally know the members of the communities they work in, could monitor all field aspects of the SCTS.

Currently at community meetings, district trainers explain the SCTS and ask villagers to elect 12 people (6 men and 6 women) to committees. CSPC members must volunteer and should be able to read, write and speak English at a Standard Eight education level. In practice, we found that

there were twice as many male members as female members in 43% of the CSPCs and that

people with an education of Standard Four or below have been included in committees:

> *"The elections for CSPC are in community, but the most vocal (who participate) do not go to school. We*
> *want people who can read and write. We try to get it. Need people with numeric skills. We are finding*
> *people who struggle to write. But, strictly, if we could get certain level of education, it would really help.*
> *Then they might properly understand criteria and process."* District Trainer

An explicit programmatic guideline is that village leaders are not allowed to serve on CSPCs

because of the unfair influence they have. Despite strict guidelines, Group Village Headmen and

Village Headmen have included themselves or ensured that their deputies are on the CSPC.

District trainers report that village leaders have influenced the CSPC and beneficiary selection

process.

> *"There is one [village leader]… All interventions there have trouble. The TA [Traditional*
> *Authority] himself may use remote control to corrupt the committee…he has a brother, and a son*
> *that he included in the scheme. … maybe the CSPC wants to 'praise' or 'please' him. You know*
> *praising people in power..."* District Trainer

One District trainer had the following recommendations:

> *"Give direction to the extension officers and check the capacity of those who have been put forth.*
> *If the person is too loyal to the chief, there could be problems. ..the right people to be checking are*
> *the extension officers. Of course, they do need guidance. When we go mobilizing, by the first*
> *meeting, this is the time that they should be included."*

Step 2. The District Trainers train the CSPC

An important gap in the scheme's implementation is the inadequate oversight for district

trainers and CSPCs. There are no performance assessments and no mechanisms to

determine whether CSPC members understand the targeting criteria. In fact, 48% of

CSPCs misunderstood or were not aware of the SCTS inclusion and exclusion criteria.

While 77% of CSPCs inaccurately said that beneficiaries should only be elderly and caring for orphans, only 32% mentioned the labour constrained criteria, and only 16% mentioned the dependency ratio as a criteria. Despite these limitations, the training of CSPC has improved since September 2006.

Step 3. The CSPC lists eligible households based on community knowledge

The CSPCs are tasked with listing all households in their zones that meet the eligibility criteria. However, an outdated census, no tax data, and insufficient birth and death registries have hampered the District's ability to know the population size. The current system, where local leaders estimate the number of households per village, yields different results – as much as 43% more, or 44% fewer households by village group than the number that we listed during a systematic door-to-door household listing.

The District needs accurate numbers of households to determine how many beneficiaries to select per zone. In some cases, CSPCs are instructed to list all possible beneficiaries in the village group. In other cases, CSPCs are only given application forms to list 10% of households. If there are 400 households in a zone, the CSPCs are given 40 forms. If they encounter 50 households that meet the criteria and have only 40 forms, the ranking process is begun defacto by not listing households beyond the 40 forms. It is not clear what criteria is used for exclusion, as there is no information on the unlisted households.

The quality of listing varies over time and between committees. Most CSPCs are more likely to list households they know. In addition, CSPCs have admitted leaving out zones that were distant or where there was a physical barrier. We found situations where villages were sub-divided,

excluding an entire village, where CSPCs listed family members that were not eligible, and rare instances where CSPC created 'ghost' households in order to claim transfers. Essentially, without a comprehensive household listing, it is impossible to determine the number of households that meet the criteria but are not listed.

Step 4. The CSPC visits homes to fill out an application

The weaknesses in this portion of the process stem from the absence of a communication strategy and high levels of illiteracy in villages so that community members lack information on the SCTS (e.g. targeting criteria, process of identifying beneficiaries). In addition, the lack of monitoring of CSPCs lets errors or abuse of the system creep in. For example, during the application process, two CSPC members must visit all listed households to fill out an application form, which places CSPCs in the position of 'defending' their listing. In the worst case, forms are completed to show eligibility rather than accurately listing the households' circumstances. As of 2008, there was still limited follow-up by the district officials to confirm recipient eligibility.

In a review of SCTS documentation, we observed that a portion of applications were incomplete. Also, we found cases where CPSCs instructed applicants to inflate the number of children in the household to increase the size of the monthly transfer. By returning to households between three and five times over one year throughout the evaluation, we learned that some households listed as many as five 'ghost' children and two 'ghost' adults or fake members. In total, 9% of household members in recipient households were 'ghosts'.

Step 5. Local Village Headman sign that the SCTS applications are accurate

Once the CSPCs complete applications, the Village Head verifies and signs the application. At this stage, we found cases where village leaders influenced CSPCs to include their family members in the SCTS. Trainers and CSPCs have lacked the skill or confidence to manage local politics that interfere with CSPC activities.

Despite the fact that Village Heads are instructed to support the work of CSPCs, we found that the explanation of the SCTS to village leaders was inadequate. Village leaders did not fully understand the SCTS. Overall, Group Village Heads felt that they were not empowered to notify the district or to confront the CSPC when they found abuse of the system. Twelve Group Village Heads (60%) reported that the targeting criteria was not followed by the CSPC, while five (25%) were aware of CSPC errors.

> *The main problem is that there is limited scope for traditional leaders to help improve the system because they know little. If the traditional leaders were involved they would have known how the scheme works and would by now have a good idea whether the scheme is operating as expected.... For example, two recipients were de-registered because they refused to give a cut* [of the cash transfer] *to committee members. Both of these reported the matter to the TA. Being sidelined ...there was very little a TA could do to save the deserving beneficiaries from being de-registered.* Traditional Authority

Step 6. The CSPC meets to rank households

There is limited guidance for CSPCs in the ranking process when there are more eligible households than can be included. Consequently, targeting of the neediest households becomes subjective. For example, we observed a case where a 70-year old person living alone was considered poorer than a 34-year-old woman caring for five children. In another zone, the opposite was true. Consistency in determining eligibility, even within one committee, was rare. Households with similar characteristics were not always ranked close to each other. In one

village group, 21 out of 26 households approved were elderly-headed, most with no dependents, versus in a second village group in the same zone, the elderly without dependents were ranked lower than households with dependents. Without documentation of the ranking process or of eligible, but excluded households, decisions cannot be revisited or examined.

Step 7. A community meeting is held to discuss the ranking of households

A Community Development Assistant moderates this meeting where the CSPC ranking process is described, and decisions on ranking are accepted or adjusted. This meeting gives community members the opportunity to challenge decisions and correct misinformation. Households listed as potential beneficiaries are not permitted to attend the meeting. In practice, the trainers agree that the community approval meeting is a disappointment for several reasons. First, community participation is minimal because people feel as though recipients have already been chosen. Second, the relatives of listed households come to argue for their inclusion, while there is rarely someone to argue for excluded, but eligible households. In some cases, the tension at meetings inhibits CSPCs from notifying rejected households. An analysis of the rejected applications reveals that one out of four rejections is because the 10% cut-off point had been reached.

Step 8. The District Social Welfare Officer recommends approval

After the community meeting, the CSPC submits the list of applicants to the District. In some cases, ineligible households receive approval. Errors that occur at this stage are likely a result of inadequate application review, reliance on a hand-written, rather than a computerized file system, and busy district officials managing many responsibilities.

Step 9. The District Social Protection sub-Committee (DSPC) approves eligible households

The task of this multi-sectoral committee, comprised of various district coordinators is to verify each households' eligibility, and assign a payment level based on the household size and the number of school-aged children. There was full attendance at the approval meetings early on, however, attendance dwindled considerably after the removal of the lunch allowances. With limited participation, approval meetings can last from 2-8 hours. Still, there is no mechanism to ensure accountability and participation of DSPC members, so incentives for attendance may be necessary. Moreover, the DSPC approves households with the errors mentioned above, likely due to the large workload.

Step 10. Identify and monitor changes

Among beneficiaries, changes in household circumstances are due to death, migration, marriage, inappropriate behaviour, fraud and so on. However, all district stakeholders agree that administering changes is an important, yet overlooked process. In fact, from Sept 2006-Dec 2007, administering changes accounted for 3.4% of operating costs, which is less than 0.3% of total SCTS costs. The actual funds spent on this activity were only 23% of the budgeted costs (Table 3). The risk is that failing to administer changes enables corruption within CSPCs and creates the perception that the district is indifferent or involved in wrongdoing. In fact, 30% of the CSPCs identified a need for monitoring and retraining by the district officials.

> *People from the district office should come to visit us more. Since the beginning, nobody has come. We are different people in that…some people are more honest than others. The people from the district office should move with the committee members at all stages of the scheme process. They should monitor the committees and give refresher courses on the criteria, rules and regulations.* CSPC member

[Table 3 about here]

When efforts towards administering changes are made (spot checks and investigations of reports), the district takes appropriate actions. However, the District has been overwhelmed with duties related to the SCTS, including assisting with training in other districts, and maintaining paper files. In turn, CSPCs have been demoralized by the lack of District response and have begun submitting fewer reports. Furthermore, as the SCTS is scaled up, the capacity to maintain communications with the CSPC dwindles.

> *"Government [the District] gave us a cold shoulder when we presented a problem to them. For example one beneficiary wanted to change the name of the deputy who gets money at the pay point ... we wrote the forms and deliver them to the DC's [District Commissioner] officers but they lost the forms and did nothing."*   CSPC Members

Outcomes of Targeting

Finally, we investigate errors of inclusion and exclusion in the targeting approach. Among the 639 households interviewed in the Targeting evaluation, 13.2% were receiving the cash transfer (Table 4).

<center>[Table 4 about here]</center>

Exclusion Error

Experts warn that calculating exclusion rates may reflect the size of the budget, rather than the quality of the targeting (Coady et. al. 2004). With that caveat, we calculated the percentage of households that met the SCTS criteria, but were excluded, using various definitions of ultra poverty (Table 5). While the exclusion error ranges from 37% to 68%, the percentage of households included in the SCTS is both a policy decision that depends upon resources and a measure of the effectiveness of the targeting approach. In other words, to attain perfect targeting, the 10% cut-off line would be raised to include the remaining eligible households and the ineligible households would have to be removed.

[Table 5 about here]

More specifically, if all households that did not meet the targeting criteria were removed from the SCTS and households that did meet the criteria were added, the cut-off point would need to be raised from 10% to 15% if using the definition of taking only one meal per day and labour constrained, 18% if using the definition of lowest expenditure category, and 19% if using the definition of below food poverty line. During key informant interviews, nearly all stakeholders recommended that the cut-off be raised from 10% to 15% or 20% of households.

Overall, in a comparison of demographics with 1) recipient households, 2) all non-SCTS households, and 3) non-SCTS households that meet the eligibility criteria, the pattern emerges that SCTS recipients are more demographically vulnerable than non-SCTS households (Table 6). Furthermore, the non-SCTS households that meet the eligibility criteria are demographically similar to SCTS households.

[Table 6 about here]

We also compared household expenditures by deciles in various groups of households in order to illustrate the economic situation of these households. In Figure 1, total raw food and non-food expenditures are presented by decile for households using several data sources:

- IHS2 nationally (n=11,280) (adjusted for inflation)

- IHS2 from Mchinji (n=240) (adjusted for inflation)

- Targeting data: Non-SCTS households (n=555)

- Targeting data: SCTS households (n=84)

- Targeting data: Non-SCTS, but eligible households (n=52)

- Impact data (n=818)

The pattern that emerges is as follows: First, adjusted expenditures in the national IHS2 are the highest, with the fewest households below the poverty line (as defined as beneath the lowest expenditure quintile). Just below the national average are households in Mchinji that receive the cash transfer. While nearly all of these SCTS recipient households were below the poverty line prior to receiving the transfer, 80% have now risen above the poverty line. The remaining non-SCTS households in Mchinji have expenditures below those of the SCTS households by decile, which raises questions about the level of the transfer (which we will not discuss here). However, in this group of non-SCTS households, nearly 30% still have expenditures below the poverty line. Among the non-SCTS households that meet the eligibility criteria (n=52) all have expenditures below the poverty line. This group was excluded from the SCTS despite the fact that these households are among the neediest in Mchinji. Finally, more than 80% of households from the Impact study had expenditures below the poverty line before receiving the cash transfer. The Impact data households that are above the poverty line indicate targeting errors.

[Figure 1 about here]

Inclusion Error

Thirteen percent of households in the Targeting sample were receiving the transfer. Among these, 76% met the labour constrained criteria, while 24% did not (Table 7).

[Table 7 about here]

While it is impossible post-facto to determine exactly why the households were incorrectly included in the SCTS, the analysis of the implementation suggests that (1) lack of clarity around the targeting concepts, (2) favoritism for some households by CSPCs, and (3) village level politics played an important role.

DISCUSSION and RECOMMENDATIONS

In Malawi, the typical SCTS household reports a range of positive impacts as a result of the monthly transfer (Miller et. al. 2008a, 2009a, 2009c). These impacts provide strong motivation for immediate action to address the program's shortcomings in targeting. Moreover, reducing inclusion and exclusion errors and improving the quality of targeting within the SCTS is important because there are 6% to 10% of households that meet the program criteria and are excluded from the SCTS. We find these households in a desperate situation: eating one to two meals per day, wearing rags, lacking blankets and adequate housing.

Planning

The initial SCTS planning was problematic because assumptions about poverty levels were inaccurate and not based on a clear understanding of poverty in Mchinji district. Programmatic definitions yield disparate results, while national data that is not disaggregated is misleading at the district level. Moving forward, poverty levels in each district should be estimated using existing disaggregated national data, but then be confirmed with empirical evidence collected during household listings in each district.

Household Listings and Ranking

Districts should conduct door-to-door household listings to capture basic economic and demographic data. With these listings, the District can determine the number of households in each village group. The District can then generate a registry of ultra poor and labour constrained households based on non-subjective criteria. This type of information is critical to all programs within the National Social Protection Policy. In fact, according to Fiszbein et. al. (2008), in many countries cash transfers "have been the driver for developing poverty maps or household targeting systems ...or for upgrades to them.."

Based on recent field experience in Mchinji (January 2009), we estimate that twelve CSPC members, could comfortably list 42 households per day, collecting basic demographic and economic data, to cover an area of 1000 households in two days. This would not be an added expense, CSPC's would simply be using time differently. Then, extension workers and local headman would check the listing, ensuring that no households are excluded. Extension workers agree they could fit this into their regular activities without additional funds or new workers. The District should then do 5% random check-backs, which provides an incentive for everyone to ensure the accuracy of the data. Funding for this step is already allocated within the operations of the SCTS, but not used.

With an automated database, which the District is in the process of adopting, a point system should be implemented to rank households, which removes the subjective nature of selection recipients. Data clerks could enter information on 1000 households into the database within a few days; and with a click of a mouse, generate reports that rank households according to dependency ratios and poverty levels. UNICEF has already invested in developing the automated database, and training District workers. The only added expense is the cost of typists, which is minimal. Next, stakeholders would have to agree on a point system, but once developed, it would reduce inclusion and exclusion errors. The District would use the automated list as a starting point and, CSPCs would apply local knowledge where necessary, especially for households near the cut-off point. If CSPCs propose ineligible households, the system would flag them. Then, their inclusion would need to be confirmed with documentation explaining the household's situation. Still, the concepts of ultra poverty and labour constrained need to be better defined with appropriate proxies, so that trainers and CSPCs select only eligible households.

This proposed system is way to improve transparency and perceptions of the SCTS' fairness in targeting, without significantly increasing program costs, while reducing inclusion and exclusion errors.

Mobilize and train all stakeholders

Throughout the District, all stakeholders, including extension workers, village leaders and others must be mobilized to actively participate in the SCTS in order to improve the quality of targeting, increase transparency, and reduce inclusion and exclusion errors. At the same time greater accountability and internal control throughout the District Assembly is needed to ensure quality training and monitoring of CSPC activities.

The elections and training of CSPCs must be improved so that each process is systematic and transparent, and so that CSPCs and village leaders understand their role in the scheme and are fully prepared to implement the assigned activities.

Conduct SCTS activities: Administer changes and monitor and evaluate

The District and CSPCs must conduct all SCTS activities involving administering changes in beneficiary households and monitoring and evaluation. Households that do not meet eligibility criteria must be removed from the scheme to allow eligible households to benefit from the transfer. National stakeholders must monitor progress in this area and query the District when M&E reports indicate that these activities have not occurred. Again, the budget and resources have been allocated for these activities, but have not been utilized. Positions at the district, such as the Monitoring and Evaluation Officer must be filled in order for the District to carry out these tasks. At the national level, program planners should develop a thorough monitoring system akin to the strategy employed by the SCTS in Colombia, where officials collect 400 indicators of

various aspects of operations (e.g. beneficiary understanding of programmatic guidelines, infrastructure, and client satisfaction) (Fiszbein, et. al. (2008). This allows stakeholders to compare the quality of implementation across sites. In Colombia, implementers have successfully collected and acted upon information, identifying solutions to serious problems (Fiszbein et.al., 2008).

CONCLUSION

Between September 2006 and January 2008, the SCTS in Mchinji quickly scaled up to deliver monthly payments to nearly 3000 households and 12,875 beneficiaries, despite the many challenges that the District routinely struggles with and new development programs inevitably encounter. Moreover, there is compelling evidence describing how, on average, MK2,000 (US$14) per month impacts ultra poor households in the areas of child and adult health, child education and labour, food security, housing quality and other areas. Improving upon the weaknesses in the SCTS implementation is fully possible and should be prioritized in order that the households that meet the targeting criteria, but are excluded from the SCTS, are finally included.

Table 1. SCTS Concepts and Key Questions

Concepts	Key Questions	Data Sources
Planning	What is the understanding of poverty and how were coverage parameters set?	1, 2
Operationalizing targeting concepts	How well do the concepts (ultra poor and labour constrained) capture the intended target?	1, 2
Implementation	What is quality of implementation at the district and community levels related to the targeting?	2, 3, 4, 5, 6
Outcomes: (inclusion and exclusion error)	What percentage of households receive the transfer but do not meet the eligibility criteria and what percentage meet the criteria but are excluded?	2, 3

Key:
1. Secondary analysis of the Integrated Household Survey (IHS2)
2. Targeting data
3. Impact data
4. Key informant, in-depth interviews, and focus groups
5. District monitoring and evaluation reports
6. Observation of scheme

Table 2. Percentage of households that are labour constrained and labour constrained and ultra poor

Labour constrained households

DEPENDENCY RATIO CALCULATION (DR)

Children (<19) + elderly (>64) + Ill or disabled adults
Adults 19-64 that are able bodied

Malawi, nation-wide IHS2 (n=11205)	20.8%
Mchinji IHS2 (n=240)	18.8%
Mchinji Targeting Data (n=639)	30.5%

Labour constrained and ultra poor

Poverty Definition	Not Labour Constrained %	Labour Constrained %
One meal per day		
*Targeting Evaluation (n=555)	8.5	5.6
Lowest expenditure quintile: Annual household expenditures (food + non-food); The maximum value in the lowest quintile from the national dataset =MK15,265 (US$108) per household; and MK3,742 (US$27) per capita		
Lowest expenditure quintile (household)		
IHS2 Malawi (n=11280)	13.7	7.0
IHS2 Mchinji (n=240)	30.4	9.2
*Targeting Evaluation (n=555)	18.7	9.4
Lowest expenditure quintile (per capita)		
IHS2 Malawi (n=11280)	12.4	5.8
IHS2 Mchinji (n=240)	28.7	8.8
*Targeting Evaluation (n=555)	24.3	9.9
Using annual household expenditure measure; The value at the National Ultra Poverty line from IHS2 = MK16,653 (US$118) per household; and MK4,051 (US$29) per capita		
Ultra poverty line (household)		
IHS2 Malawi (n=11280)	13.4	6.8
IHS2 Mchinji (n=240)	29.6	9.2
* Targeting Evaluation (n=555)	20.9	10.2
Ultra poverty line (per capita)		
IHS2 Malawi (n=11280)	13.8	6.4
IHS2 Mchinji (n=240)	32.1	9.6
*Targeting Evaluation (n=555)	26.3	11.5

Note: IHS2 percentages are based on inflation adjusted measures
*Beneficiary households removed from analysis;

Table 3. Summary of expenditures on activities as a percentage of operational costs and total costs

	Activities as a percentage of		
	Operational costs	Overall costs	
		Planned	Actual
Targeting	29%	3.1%	8%
Administering Changes	5%	0.9%	0%
M&E	1%	0.6%	0%
Delivering cash	62%		
Overhead	3%	2.8%	3%
Operations as a % of overall costs		7.6%	14%
Transfer as a % of overall costs		92.4%	86%

Table 4. Recipients and non-recipients in Targeting sample

	n=639	%
Receiving cash transfer	84	13.2
Not receiving cash transfer	555	86.8

Table 5. Exclusion from scheme

| Households that take only one meal per day	Households in the lowest 20% expenditure category	Household below the food poverty line
An additional 31 out of the remaining 555 households, or 5.6% of non-recipient households meet this criteria	An additional 52 out of the remaining 555 households or 9.4% of non-recipient households meet this criteria (based on calculations from IHS2)	An additional 57 out of the remaining 555 households or 10.3% of non-recipient households meet criteria (based on calculations from IHS2)
Exclusion Error (percentage of households omitted / percentage of recipients)		
37%	62%	68%

Table 6. Household Composition Targeting Evaluation Dataset

	All non-SCTS households (n=555)	Non-SCTS households but eligible (n=52)	SCTS households (n=84)	
Mean age of household head	39.6	52.0	61.6	***
Gender of household head				
Female (%)	17.7	55.0	57.1	***
Level of education among adults (n=1371) (%)				
No schooling	20.5	31.3	49.7	***
Standard 1 –Standard 8	65.9	65.1	47.0	***
Form 1 and beyond	13.6	3.6	3.3	***
Household size (people per household)	5.2	4.6	4.6	*
Dependency Ratio (%)				
Cannot calculate (no able bodied adult)	10.0	61.5	46.4	***
>0-1	27.2	-	4.8	***
>1-2	30.1	-	10.7	***
>2-3	16.4	-	17.9	
>3	16.0	38.5	20.2	

Key: ***p<.001, **p<.01, *p<.05; P-value compares SCTS households with all non-SCTS households

Table 7. Recipients and non-recipients

	Targeting Evaluation June 2007		Baseline Impact Evaluation March 2007	
	n	%	n	%
Number of households in sample	639	100	818	100
Receiving cash transfer	84	13	*All households targeted to receive cash transfer*	
Recipients that are labour constrained Dependency ratio>3 or no working aged adult, or working aged adult has chronic illness or disability	64	76	630	77.1
Recipients that are not labour constrained	20	24	186	22.9
Recipients that are not ultra poor (in the lowest quintile)	*Expenditure data for these households not available prior to their receiving the transfer*		129	15.8
Recipients that are not labour constrained and ultra poor (in the lowest quintile) (Inclusion Error)			280	34.4

Figure 1. Annual household raw food and non food expenditures for various households
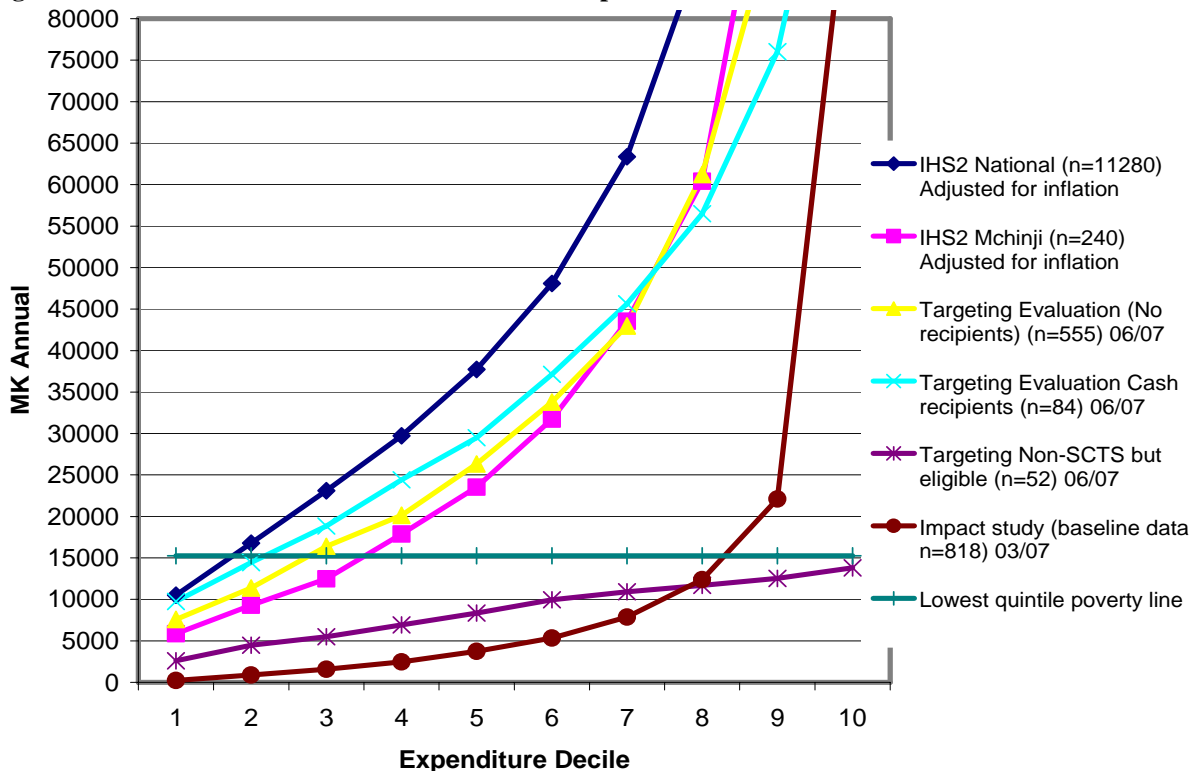
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