

# MYTHS vs. REALITY



Government of Malawi



## Malawi Social Cash Transfer Programme (SCTP)

In Malawi, the national Social Cash Transfer Programme provides **unconditional** monthly cash payments to the most vulnerable and ultra-poor households.

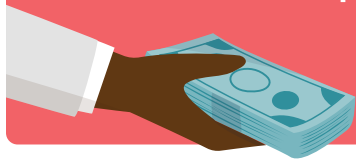
### MYTHS



Cash will be wasted on alcohol and tobacco



Transfers are just a 'hand-out' and do not contribute to development



Cash causes dependency and laziness



Transfers lead to price inflation and disrupt the local economy



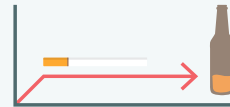
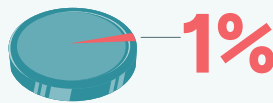
SCTP grants increase fertility rate



### REALITY



In Malawi, alcohol and tobacco represent **only 1% of food expenditures** among beneficiaries of the social cash transfer programme



Cash payments show **no evidence of increased expenditure** on alcohol and tobacco



There is **no evidence of any higher prevalence of alcohol consumption** or larger increased among beneficiaries of the programme



In Malawi, evidence shows cash transfers **increased spending on productive tools** by 84% and **ownership of small livestock** by 21%

**↑21%**

Cash Transfer beneficiaries used **22% more fertilizer** than non-beneficiaries, and **overall area cultivated increased by 36%** which increase the overall households productivity

**↑22%** more fertilizer

**↑36%** overall area cultivated increased

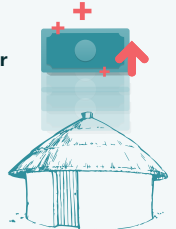
Among child beneficiaries, **primary school enrolment increased by 9%**, **secondary school enrolment increased by 18%**, and spending increased on education related expenses such as school uniforms and shoes for learners

There is **little evidence** that cash transfers in Malawi lead to a **reduction in work**



In **Malawi**, research finds that cash leads to a **reduction in casual wage labour** and a shift to own-farming and more productive activities

In fact, cash transfers **lead to positive multiplier effects in the local economy**. Each dollar injected into the community through the SCTP generates an additional **US\$0.27 of benefits to other households**, thus boosting growth and development in rural areas



**No inflation detected in Malawi**. This is because **beneficiaries are a small share of the community and constitute about 10% of the population in Malawi**. In addition, they come from the poorest households, so their purchases of basic goods don't lead to price inflation as their demand are easily met by the local economies.



Data source: Handa Mythbuster doc, p. 282-285



Local economies **can meet the increased demand**

Benefit of cash transfer also benefit the wider community (spill-over effects). In **Malawi**, for every dollar transferred by the programme, about **US\$1.27** was generated for the local economy



In Malawi, cash transfers showed **no impact on fertility**



Evidence showed a **delay in sexual debut** amongst adolescents



Cash transfers **reduced risky sex outcomes** for girls

