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GiveDirectly



Whitepaper series - Operational Innovations in Cash Grants to Households in Malawi

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Acronyms

CDCS	Country Development Cooperation Strategy
GD	GiveDirectly
GoM	Government of Malawi
HEC	Human Elephant Conflict
IPA	Innovations for Poverty Action
IVR	Interactive Voice Response
KYC	Know Your Client
PIN	Personal Identification Number
PPE	Personal Protective Equipment
RCT	Randomized Controlled Trial
SCTP	Social Cash Transfer Program
UCT	Unconditional Cash Transfers
UNC	University of North Carolina

1. Executive Summary

As part of an ambitious, multi-country partnership and with generous support from USAID and Good Ventures, GiveDirectly (GD) successfully launched its first household grants program in Malawi in early 2019. The program was designed not only to directly transform the lives of ~11,000 households enrolled, but also, through a randomized controlled trial, to provide USAID/Malawi with a benchmark against which to compare the cost-effectiveness and operational efficiency of its portfolio of interventions.

Eighteen months on, GiveDirectly has successfully delivered household grants totaling \$5,776,282 to 11,546 households -- surpassing the intended number of recipients. The operational approach included a number of critical innovations and tests designed to drive progress in cash programming in Malawi, which in turn aims to inform the national Social Cash Transfer Program.

While the endline survey for the randomized controlled trial study will not be conducted until early 2021 (with results available later in the year), this operational data combined with feedback collected from recipients through follow-up surveys already sheds important light on the effectiveness and potential impact of household grants programming in Malawi. Specifically, we can confidently conclude that:

1. **Large, lump-sum cash grants can be delivered efficiently and securely** through electronic payments to rural and remote communities (77% of each dollar of the program ended up in the hands of recipients).
2. **Malawi's new National ID can be rolled out at scale as an effective tool** for recipient selection, enrollment, and accountability.
3. **A dedicated, recipient-focused call center can improve program metrics**, including efficiency rates, uptake rates, fraud rates, and recipient experience.
4. **Robust community engagement and sensitization is critical** for effective, safe, secure, and recipient-responsive program delivery.
5. **No cost behavioral nudges combined with a cash transfer program show potential** as a mechanism to address context-specific challenges and increase program impact.
6. **Electronic cash grants can be an extremely effective means of delivering assistance rapidly, securely and remotely** in response to major humanitarian challenges.

Through this report we aim to highlight operational innovations and insights and start a broader conversation around where unconditional cash grants may offer real potential for tackling Malawi's most pressing development challenges. At the same time, we aim to show how unconditional cash grants provide a tool for driving greater cost-effectiveness, transparency, and harmonization of support in Malawi and beyond.

2. Introduction

2.1. Approach: USAID - GiveDirectly Partnership

In 2016 USAID and GiveDirectly entered into a broad, multi-country partnership with the goal of using household grants as a tool to:

- a) Provide the mission with rigorous data on cost effectiveness and operational efficiency of unconditional households grants
- b) Inform the mission on how unconditional households grants compare to traditional development approaches
- c) Inform the mission on how to most effectively pursue and reach their development goals

In April 2018, USAID/Malawi, Good Ventures, and GiveDirectly agreed to launch an experimental cash benchmarking study: *Assessing the Role of Electronic Household Grants in Malawi*. GiveDirectly was tasked with enrolling ~11,000 households to receive electronic household grants - via mobile money - as part of an independent, randomized controlled trial (RCT) led by the The Development Impact Lab (DIL), comprising faculty from the University of California-Santa Cruz, Tufts University, and the Indian School of Business, working in collaboration with Innovations for Poverty Action.

The goals of the program were to:

1. Directly transform the lives of grant recipients

This program was designed to directly support ~11,000 Malawian households (~49,500 individuals¹) to address their diverse needs through providing household grants of either \$250, \$500, or \$750.

A randomized controlled trial of a similar program delivered by GiveDirectly in Kenya found that household grants had large positive impacts on recipients nine months after baseline, including increased asset values (61%), increased earnings (33%), improved food security (child meals skipped -27%, adult meals skipped -23%), increased female empowerment, and improved mental health.² In the Malawi context, studies have found that the Social Cash Transfer Program leads to: increased agricultural asset investment; reduced adult participation in low-skilled labor and reduced child labor outside of the home; significantly increased security and dietary diversity; significant increases in higher school enrollment, higher educational expenditures,

¹ Average rural household size = 4.5 ([DHS 2015-16](#), table 2.9)

² Haushofer and Shapiro, 2016

and fewer school absences. (See section 5 below for broader discussion on the specific anticipated impacts from large household grants.)

2. Provide a benchmark for USAID/Malawi's portfolio and enable USAID to conduct future comparative cost-effectiveness analysis

Household Grants can act as a 'benchmark' for a significant part of USAID/Malawi's portfolio.

The cash benchmark has been designed to provide data on both impact and cost-effectiveness (impact per unit cost) in a format that facilitates comparisons with future USAID impact evaluations. USAID/Malawi intends to compare the cost-effectiveness of unconditional household cash grants to the cost-effectiveness of other traditional programs targeting the same populations. If traditional programs are more cost-effective, USAID/Malawi can feel confident in continuing or expanding those programs. Alternatively, if cash transfers are more cost-effective, USAID/Malawi may reconsider its optimal mix of modalities for delivering assistance or decide to adjust its programming.

The impacts of cash grants register across an unusually wide range of outcomes, meaning that they can be used to benchmark a diverse range of programs: recipients purchase food, invest in agriculture, improve their homes, pay for medical expenses, pursue education, etc.

3. Provide a "use case" demonstration of the new Government of Malawi National ID card

A recent report on the use of electronic payments in social protection programs in Malawi found that electronic payments had potential benefits for both the Government of Malawi (GoM) and recipients, including significant gains for GoM in terms of saved staff time and reduced fiduciary risk.³

However, a range of barriers to bringing electronic payments to scale were identified. One problem highlighted was that, "chiefs were charging recipients to issue them letters that are used for ID during account opening KYC," processes. The USAID/Malawi, Good Ventures, and GiveDirectly program provides a "use case" demonstration of the new GoM National ID card to overcome this challenge (by avoiding the need for chief letters), as well as building the local knowledge base regarding its use for recipient selection (including preventing imposters), enrollment, and accountability (including tracking of recipients).⁴

³ Malawi Social Cash Transfer Programme: Recommendations for a strategy for using e-payments in social protection programmes, Oxford Policy Management and the Centre for Social Research, April 2016.

⁴ GiveDirectly uniquely identifies recipients using their National IDs.

The USAID/Malawi, Good Ventures, and GiveDirectly program sits squarely within the objectives of USAID/Malawi's Country Development Cooperation Strategy (CDCS) and the Government of Malawi's journey to self-reliance roadmap. It aims to demonstrate and evaluate an approach to tackling Malawi's interwoven and inseparable development challenges that recognizes the multi-dimensional nature of poverty in Malawi. At the same time, the program can shine a light on the efficacy of development interventions across Malawi - critically questioning whether vast development resources are being allocated in the most effective, transparent, and efficient ways.

2.2. Introduction to GiveDirectly

GiveDirectly is the leading NGO dedicated exclusively to delivering unconditional cash grants to some of the poorest and most vulnerable people in the world. Since 2009, GiveDirectly has sent transfers to ~650,000 people across 10 countries in a range of contexts from urban areas in Nairobi, to refugee settlements in Uganda and post-hurricane communities in the Caribbean. Operational excellence is at the core of GiveDirectly's work, which aims to maximize the share of dollars going to recipients through: i) a lean model coupled with transparency around the cost of delivering services and ii) a robust anti-fraud playbook. To date, GiveDirectly has delivered >\$350M at an average efficiency of ~86%, where 99.8% of recipients reported successful receipt and fewer than 1% reported any theft or bribe.

GiveDirectly has been consistently recognized as a top-performing and transparent organization, receiving a top recommendation from nonprofit evaluator GiveWell for eight years running as well as the inaugural Google Global Impact Award. Partners include leading foundations, governments, and aid agencies such as Google.org, USAID, FCDO, and the IKEA Foundation. GiveDirectly is widely recognized as an innovator helping to shift the conversation on cash and its work has attracted extensive media coverage including [the Economist](#), [Foreign Affairs](#), [the Atlantic](#), [the New York Times](#), [the Guardian](#), [Forbes](#), [Bloomberg](#), and [Harvard Business Review](#), among others.

3. Program Design

3.1. Operational Approach

GiveDirectly enrolled and delivered household grants to 11,546 households across 208 villages in Machinga, Chiradzulu, and Mangochi Districts. These included:

- 7,799 households enrolled in the benchmarking study (Machinga, Chiradzulu)
- 3,387 households enrolled as standard grant recipients (Machinga, Mangochi)
- 1,400 households enrolled in partnership with Africa Parks, testing a new approach to offset risk of Human Elephant Conflict (HEC) near the national forest reserve (Mangochi)

Location Selection

Chiradzulu, Machinga, and Mangochi Districts were selected on the basis of a number of metrics, including USAID mission integration, poverty, security concerns, population density, and the presence of forest reserves.

District	Poverty by Percentage of the population*	
	Poor (%)	Ultra-Poor (%)
Chiradzulu	66.4	28.0
Machinga	72.4	28.5
Mangochi	59.5	22.8

*Data from National Statistics Office of Malawi

Within these, [Traditional Authorities](#) were selected in coordination with IPA and academics for the benchmarking study and with Africa Parks for the HEC pilot program.

Household Selection

GiveDirectly took a universal targeting approach, enrolling every eligible household in selected villages. This was chosen for the following reasons:

- It increases perceived fairness, which reduces the risk of intra-community conflict;
- It decreases exclusion errors (i.e., poor households being inadvertently excluded);
- Poverty levels in our selected districts are high, so there is a low risk of inclusion errors (i.e., non-poor households receiving grants);
- It is possible in Malawi to find an adequate number of sufficiently small villages such that universal targeting is possible within budget, while still meeting research requirements for the benchmarking study; and
- It simplifies operations, thereby increasing cost effectiveness.

Within this approach, recipients were required to meet the following eligibility criteria in order to be enrolled:

- Considered part of the village, as validated by the village chief and a local guide;
- Resident of the village for more than 3 months if owning their home or more than 6 months if renting;
- Not related to anyone working at GiveDirectly;

- Not identified as lying to make themselves eligible or otherwise defrauding the program; and
- 18 years of age or older, or from a child-headed household.

Profile of enrolled recipients and households:

- 83.2% female recipients
- 98.1% homeowners
- 51.9% engaged in subsistence farming

Payment amounts, timings, and payment mechanism

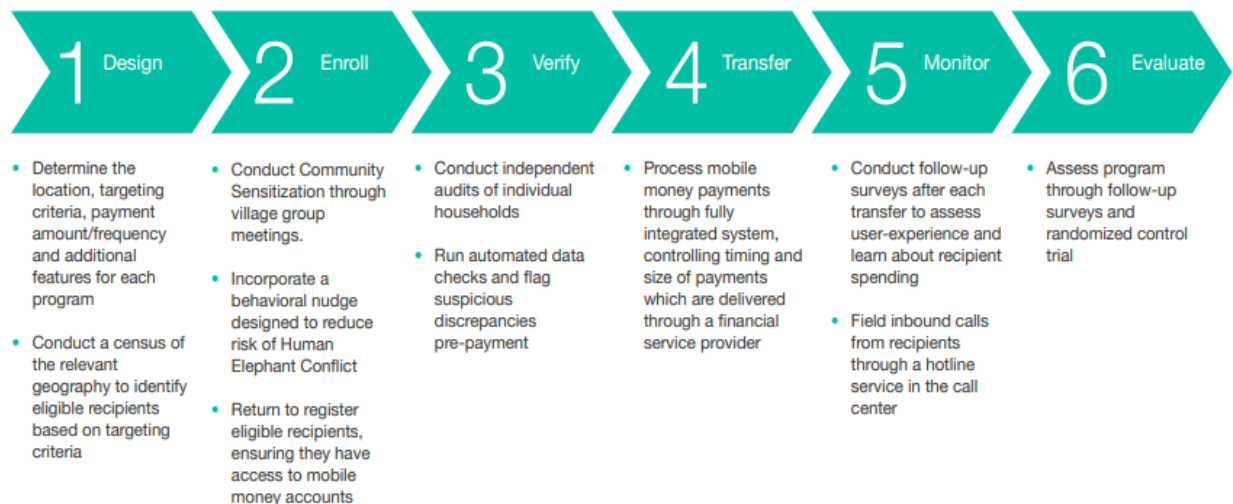
The benchmarking study was designed to test three payment amounts to provide a benchmark for USAID programs of various sizes. Payments were randomly assigned at the village level so that all households within a given village received the same total payment amount.

- Payment amounts:
 - \$250 delivered in one tranche
 - \$500 delivered in two tranches of \$250 each
 - \$750 delivered in three tranches of \$250 each

All non-study households received \$500 delivered in two tranches.

All of the payments were distributed through mobile money using Airtel as the mobile network operator. Airtel was selected on the basis of its market share, reach, and experience working on similar projects. In order to facilitate mobile payments, all recipients were provided with an Airtel SIM and offered the chance to purchase a basic cell phone at cost.

Figure (1). GiveDirectly’s Operational Model





3.2. Operational Innovations

Innovation 1: Delivering exclusively electronic transfers - including in remote and rural areas.

Through this program, GiveDirectly delivered cash grants to over 11,000 households, exclusively through mobile money payments. This was across three of the poorest districts in Malawi, with variable proximity to major population centers and major roads, varying rates of financial literacy, and varying rates of mobile phone penetration or mobile network provision.

The program looked to challenge some of the skepticism held around the feasibility on both the ‘demand-side’ (the readiness of customers to receive e-payments⁵) and the ‘supply-side’ (the readiness of providers to supply them), of delivering cash via mobile money in such areas, in particular in large lump sums.

It also looked to address some of the challenges faced by Malawi’s safety net interventions including rates of corruption, error, and fraud in the delivery of benefits - through the demonstration of strong accountability mechanisms.

To test the supply-side, GiveDirectly tested three different cash out approaches to address concerns around liquidity and access to networks of distributing agents, reflecting the respective remoteness (e.g. distances from nearest trading center) of various recipient villages:

1. Cash out event with Airtel (high touch) - GiveDirectly engaged with Airtel to provide cash out assistance at the village level
2. Cash out support through super agents (low touch) - GiveDirectly engaged with local super agents to increase liquidity in particular trading centers on certain days
3. No cash out assistance (no interaction) - No support was provided to recipients to cash out

Across the program, and consistent across districts, **98.5% of recipients reported ‘cash out’ as easy or very easy, with 95% of recipients able to cash out their entire transfer within 5 days.**

GiveDirectly also incorporated basic financial literacy training within the recipient enrollment process ensuring that recipients had access to mobile phones, knew how to access their

⁵ 97.3% of community households opted to participate in the program; 95% of the recipients understood the nature and intent of the project.

mobile money wallets, and had essential information to protect themselves from fraud, theft, and other adverse events.

Through the e-payment approach, GiveDirectly was able to **reach overall program efficiency rates⁶ of 77%** and experienced only **0.27% of funds lost to fraud**.

These findings are valuable to dispel some of the misconceptions around the feasibility of electronic cash grants. They can serve to inform Malawi's national Social Cash Transfer Program (SCTP) which, while in the past has piloted approaches to delivering payments through bank transfers and mobile money, defaults to a payment point approach where recipients travel to receive hard cash. UNC's 2016 evaluation of the SCTP produced some concerning findings on recipient experience with this approach: Respondents reported spending between less than one hour to more than a day travelling to and from the payment point (with most traveling less than one hour round trip; 47%). Reported wait times at the SCTP payment point were also lengthy: 69% of recipients waited between four and nine hours to collect their most recent payment.⁷

Innovation 2: Using Government of Malawi National IDs to increase speed and improvements in data quality

GiveDirectly committed to using the new GoM National ID card during the enrollment process in order to provide a "use case" demonstration and to build the local knowledge base regarding its use for recipient selection, enrollment, and accountability. The GoM National ID card was rolled out in 2017 and issued to all Malawians over the age of 16. Over 99% of households either had at least one member with a National ID already or were able to acquire one between the census and registration stages.

GiveDirectly was not only able to use the National IDs (and receipts) to confirm the identity of the recipients, but also to collect their identifying details: GiveDirectly field officers scanned the QR code on the card (or receipt) to directly capture the data into our system.

This resulted in:

- Fewer data collection errors than are usual for this type of program
- Less staff time spent on data correction, leading to greater efficiencies
- Fewer issues around name verification related to spelling errors or typos. National IDs are also scanned during Airtel KYC, meaning that when it is time for payment,

⁶ When compared to the traditional cash delivery model, mobile money radically reduces the cost of sending cash to poor people quickly and securely. GiveDirectly's mobile money-based model means 75-90% of a donor's money ends up in the hands of the recipient.

⁷ [SCPT Evaluation](#), UNC 2016

GiveDirectly data matches Airtel data exactly - this is something that has been an issue and delayed payments in previous programs and in other countries.

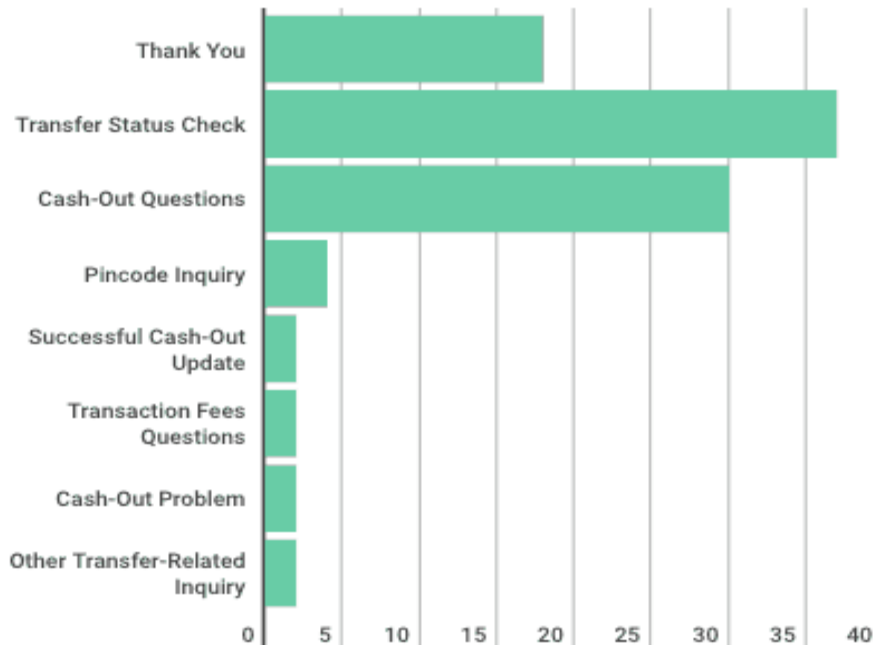
Innovation 3: Delivering top quality customer service through a call center

GiveDirectly has a fully staffed call center in Lilongwe to both field calls via an inbound toll-free hotline and make outbound follow-up calls to recipients who have received cash transfers.

The call center tracks metrics, including answer rates, drop rates, average call time, and more on a real-time basis. Optimizing GiveDirectly call centers aids maximization of efficiency, and GiveDirectly is constantly integrating new lessons and staff training to hit aggressive target metrics. For example, GiveDirectly integrated Interactive Voice Response (IVR) into the inbound hotline to maximize the efficiency of call center agents.

Tracking these metrics also allows GiveDirectly to hold itself accountable to delivering a top quality customer experience to recipients. GiveDirectly follows the approach of all private customer-facing companies - with robust mechanisms for ensuring quality service. GiveDirectly records calls and reviews a sample set each week to ensure quality, schedules around recipient availability by remaining reachable on weekends and after working hours.

Figure (2). Lilongwe Call Center Snapshot. Of 54 hotline calls to the Malawi call center on July 1, 2019, conversations were categorized into the following buckets, by number of calls.



GiveDirectly has leveraged the strength of its call center to rapidly pivot to an almost fully remote operating model as part of COVID-19 emergency response programming. This has included conducting registration, payment verification, fraud checks, and follow-ups via the call center, and maximizing the use of automated SMS systems for community communications and sensitization.

Innovation 4: Robust community engagement and sensitization, leading to high opt-in rates and low reported theft and bribery

GiveDirectly's recipient identification, communication, enrollment, and follow-up processes include deep engagement with recipient communities.

At the start of each program, GiveDirectly obtains relevant approvals from National and Local Government. Having selected - in consultation with key stakeholders - geographic areas for program implementation, GiveDirectly then contacts District Councils for high level engagement, explaining who GiveDirectly is, what the program is, who our major partners are, and what our proposed approach and timelines are. Following this, GiveDirectly receives written approval to run the program from the District Council.

The District Council is then charged with informing local leaders of the program and ensuring that this is supported at Council, national, and local government levels. They provide GiveDirectly with a list of local leaders in selected villages.



A critical step in the community engagement process is outreach to local leaders and securing their approval to present the program in-person to the community. Local leaders are essential to securing broad recipient buy-in and understanding. Once local leaders and/or village chiefs give GiveDirectly permission, team members host village meetings to introduce the program to the entire community (see photo for one such community meeting led by GiveDirectly staff).

Following the village meeting, GiveDirectly field officers proceed to have one-on-one meetings with community members on an opt-in basis. They return to the individual households for enrollment where they provide basic financial literacy training and mobile money sensitization.

At this time, illiterate recipients are linked to trusted helpers and provided with access to grievance mechanisms.

GiveDirectly also runs payment readiness groups to discuss and prepare community members on fraud prevention. After registration, and ahead of delivery of the cash grant, GiveDirectly brings together groups of between 10-20 households per session. GiveDirectly team members verify that recipients have received phones, activated SIM cards, and know their mobile money PINs. Recipients are given a briefing on the cashing out process, including the exact amount that will be transferred and the mobile money fee they will pay the mobile money agent. This is critical to prevent fraud or exploitation from agents demanding inflated fees. GiveDirectly uses the payment readiness groups to share stories of common fraud schemes and prevention tactics emphasizing that there is *no* requirement for additional payments, GiveDirectly will *never* ask recipients to divulge their PIN numbers, and reinforcing the availability of GiveDirectly's helpline for any questions, concerns, or reports of adverse events.

This proactive community and household engagement has proven critical to mitigate risks around theft and fraud and to ensure that the community feel comfortable to 'opt in' to the program (see details in annex on the case of a village in Chiradzulu District).

GiveDirectly's performance against key operational program quality metrics validates the success of this approach:

- 97.3% of community households opted in to participate in this program⁸
- <0.07% of recipients reported being asked for bribes
- 1.31% of recipients reported experiencing theft⁹

Innovation 5: Experimentation for Learning - adding a behavior nudge

GiveDirectly partnered with Africa Parks in Liwonde National Park to deliver household grants to 1,400 households where a spike in human elephant conflict (HEC) had been reported near the national park.

GiveDirectly incorporated a behavioral nudge to test whether this, combined with a cash grant, could offset the HEC risk. This was designed in consultation with the USAID environmental team as an innovative intervention not considered before.

While GiveDirectly does not yet have data from follow-up with these recipients, GiveDirectly ran

⁸ The majority of refusing households refused to speak with GiveDirectly or offer a reason for the refusal (41%), with others reporting they could not agree without consultation with family members (15%), did not feel comfortable taking money they did not earn (5%), could not agree due to religious reasons (7.5%), did not want help or consider themselves poor (9%), wanted to reserve money for those worse off in the village (1.5%), believed GiveDirectly money was not truly unconditional or linked with devil worship (9%), or had other reasons for refusing (12%).

⁹ This is higher than our target of <1% of recipients.

focus group discussions prior to delivering the cash transfers to gain a greater understanding of the specific challenges faced by villages surrounding Liwonde National Park, identify the right ‘nudges’ for this particular area, and preliminarily explore the potential effectiveness of cash transfers in alleviating the impact on HEC on vulnerable households.

The focus group discussions highlighted a number of consistent themes and trends:

1. Recipients reported protecting themselves and their fields from elephants by using a range of tactics, including:
 - a. Switching torches on and off during the night in order to scare elephants away
 - b. Beating drums and buckets around their fields (even though this is known to not be very effective)
 - c. Lighting fireworks at any time of the day when elephants are out from the park
2. Most recipients did not know that there are other ways they could scare off elephants (e.g., planting chilli peppers around their farms), which could also potentially bring in additional income.
3. Participants reported a top priority was their immediate needs, specifically focusing on food to address hunger during the lean season. If they were to receive two transfers from GiveDirectly, they would most likely use their first transfer on these immediate needs and only once this was addressed would they consider trying new methods to drive elephants away.



Dingaan Kafundu, Associate Field Manager, during GiveDirectly’s socially distanced focus group discussions conducted in Chikata 1, Sub T/A Chiunda- Mangochi district on 18th November, 2020.

In November 2020, GiveDirectly field teams held focus group discussions in Issa and Chikata 1 villages, where key takeaways were:

1. Although participants saw the importance of purchasing items that could protect them from elephants, and planned to do so for the upcoming season, 80% of those asked prioritised livelihood sustaining items before elephant protection items.
2. The presence of community based scouts from Arica Parks during this planting season prevented elephant damage to crops. Participants were interested in finding a way to make this a more long-term arrangement.
3. Occurrence of natural disasters like floods in the area make it important for people to have stronger houses, therefore some funds were used to build/improve houses.

Innovation 6: Rapidly pivoting to COVID-19 appropriate operations in line with public health measures

Sending large volumes of cash quickly and securely, while maintaining public health standards, has required significant adaptations to the delivery model:

GiveDirectly moved from a three in-person enrollment touchpoint model to a two in-person touch point enrollment model. On 18 March, 2020 GiveDirectly paused field operations in Mangochi in light of the COVID-19 outbreak in neighboring countries. The field team had completed the census and therefore had recipient data and verified village lists. To continue enrollment, GiveDirectly reached out to Africa Parks' extension workers residing in these communities. The field team remotely trained them on the enrollment process through a newly established remote call center.



Remote Operations Pilot - Africa Park's extension worker conducting a payment readiness discussion with recipients while social physical distancing.

GD distributed PPE to these extension workers who then distributed phones to recipients and conducted payment readiness training in groups of less than 10. Through this adjusted enrollment model, GiveDirectly was able to enrol the final 623 recipients. Recipients were asked to register their SIMs with the mobile money agents (who received COVID-19 safety training and PPE from the mobile network operator) and then call our helpline to complete remote registration. 99% of recipients were enrolled within 5 days of phone distribution.

4. Program Results

To date, research partners have collected baseline data on recipients in the program, and endline data will be collected in early 2021 (subject to in-person research fieldwork being feasible in terms of COVID-19 risk). Full findings from the study are expected to be released later in 2021. However, GiveDirectly is able to draw valuable insights from follow-up surveys conducted with recipients after each transfer and from real-time operational data.

4.1. Use of Funds

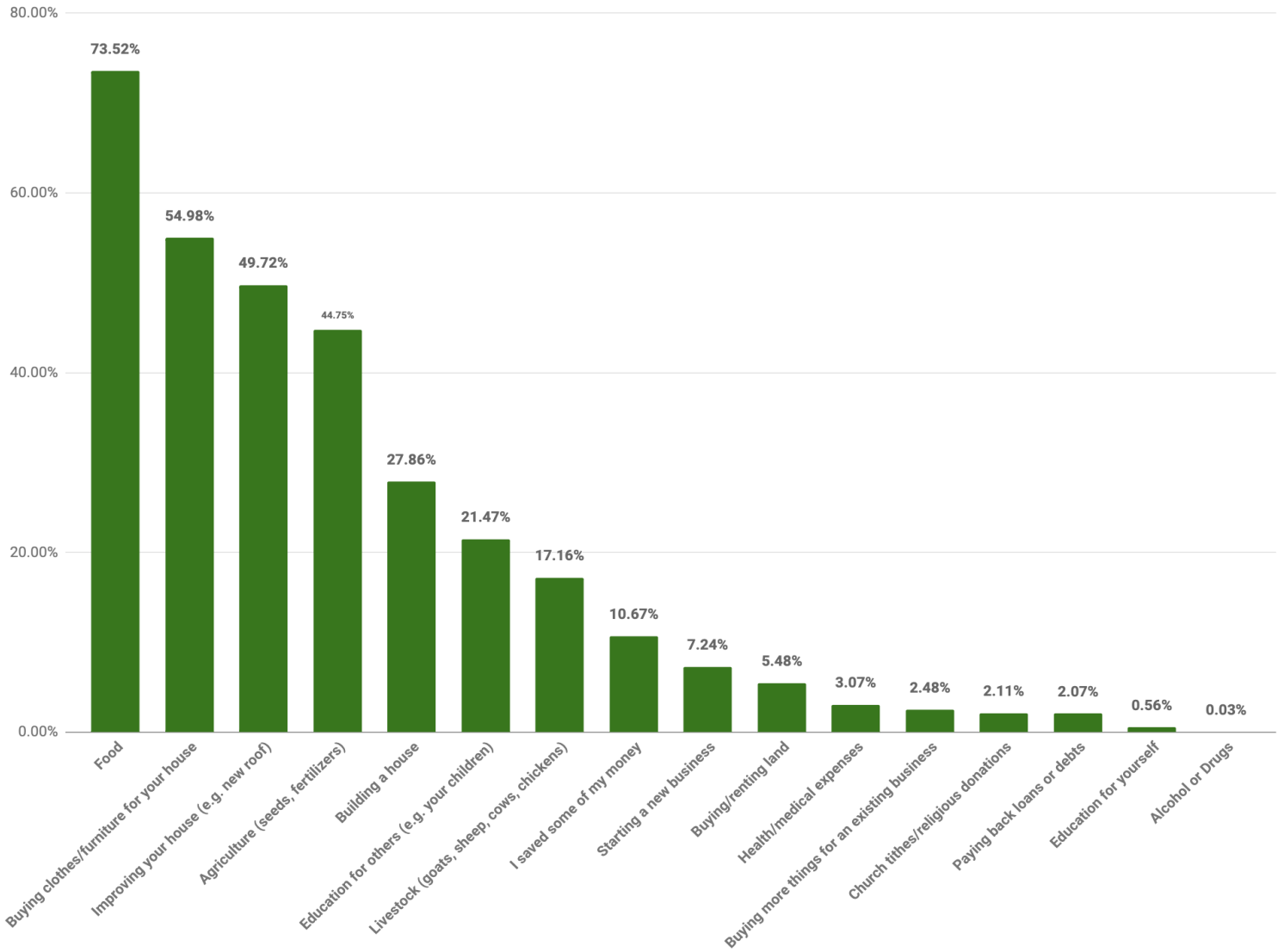
During follow-up surveys, GiveDirectly collected data on recipient reported spending. Recipients reported spending a portion of their transfer across a number of common categories: ~73.5% reported spending on food, ~55% reported buying clothes/furniture, ~50% reported spending on improving a house, and ~45% reported buying agricultural inputs.

Figure (3) on the following page notes the distribution of expenditure types among households.¹⁰ Note that recipients could choose more than one expenditure type, so rows will not sum to the total number of paid recipients or to 100%.

¹⁰ On follow-up we noted that recipients spent ~\$10,000 on prohibited items, which have been accounted for under the Good Ventures grant.



Figure (3). Recipient Spending Choices





4.2. Operational quality findings

GiveDirectly enrolled and paid 11,546 recipients, meeting the majority of targets for all key operational quality metrics. Performance against targets is included below in Figure (4).

Figure (4). Key operational quality metrics

Topic	Indicator	Target	Performance
Enrollment	# of households enrolled as per the award	~11,000	11,546
Efficiency	% of each dollar raised that end up in the hand of the recipient	>75%	77%
Speed	% recipients sent first payment within 4 weeks of enrollment	>90%	96.3%
Community reception	% of community opting in to participate	>90%	97.3%
Recipient experience	% of recipients reporting successfully cashing out	>99%	98.94%
	% of recipients reporting being asked for bribes	<1%	0.07%
	% of recipients reporting GiveDirectly staff as "kind and patient" or "okay"	>90%	99.9%
	% of recipients reporting experiencing theft	<1%	1.31%
	% of sent funds lost due to fraud	<1%	0.27%

Note:

- a. The higher number of enrolled households vs. the target number is due to the high efficiency achieved in enrolling households for the benchmarking study.
- b. The higher number of recipients reporting experiencing theft vs target is due to a fraud spike identified in December, 2019, which was reported to USAID’s Office of Inspector General and addressed immediately. The total amount reported as lost to theft is 0.27% of the total transfers completed.

4.3. Recipients' Stories



Recipient Esnat Jonasi, shown in this after-cash transfer photo, lives in Chibwana Nsanama village in Machinga district. Before she was enrolled by GiveDirectly she was living in a shack because her house was destroyed by heavy rainfall. Three months after receiving her first cash transfer, she managed to rebuild her house and she has now moved back in with her children and grandchildren.

“I would never have imagined to rebuild my house in the time I have,” she said while excited that she will now be sleeping peacefully.

Recipient Elube Amadu lives in Chibwana Nsanama village in Machinga district and lives with two grandchildren since she is a widow. She is a farmer who grows maize, sweet potatoes, and rice but she does not harvest enough because she can't afford to pay for fertilizer and labor. After receiving her transfer she planted maize and rice and she is expecting to harvest more than usual because she bought fertilizer and hired labourers to help her in the rice fields. Apart from investing in farming, Elube also bought a mattress, iron sheets, and timber, which she wants to use to renovate her house.



Recipient Katiji Bemba lives in Matwaya village, TA Sale, one of the most remote areas in Machinga district. She is a single parent of four children and Katiji was born deaf and mute. She doesn't know how to use formal sign language because she never went to school for the deaf so communicating with her is difficult. As a single parent, she struggles to provide her family with food and basic needs and her house is in bad shape. Katiji



was very excited to be enrolled by GiveDirectly because she plans to buy two bags of fertilizer, iron sheets for her leaking house, two goats to source income, and school uniform for her kids. She has a brother who helps her with communication and is her trustee.



Recipient Kingston Kapito is from Bokosi village in Machinga district.

“I was born in poverty and believed that I will live in a grass thatched house my entire life without a sustained source of income” lamented Kingston.

Although he is a builder, Kingston does not earn enough to build himself a good house with iron sheets that does not

leak. After receiving his first \$250 transfer he used all the money to buy materials and build a good house. People from his village are hiring him to build their houses and he has built four houses so far at a rate of \$50 per house. He has used this money to repair his motorcycle and resumed his taxi business as an alternative source of income. He invested his second transfer in farming and he plans to give his third transfer to his wife to start her own business.

5. Impacts of Household Grants and Recommendations for What Next

Based on existing evidence on cash transfers, we anticipate that the program will have significant impacts across a number of priority areas, aligned with USAID/Malawi's 2020-2025 Country Development Cooperation Strategy (CDCS) and the Government of Malawi's own development plans and objectives.

Building from this, and from the lessons thus far from the USAID/Malawi and GiveDirectly partnership, we see a number of particularly promising opportunities for rolling out unconditional cash grants at significant scale for specific demographics to tackle some of Malawi's most pressing challenges. Specifically, household grants can be a useful tool to address challenges in Malawi around:

5.1. Gender

USAID/Malawi has designed its 2020-2025 CDCS¹¹ with gender equity central to the overarching goal - "*A more self-reliant Malawi that is Gender-Equitable and Democratically Accountable*". Gender considerations are integrated throughout USAID/Malawi Development Objectives.

This reflects the challenges of the Malawian context, with one of the highest disparities between female and male achievements in reproductive health, empowerment, and economic status, ranking 148 out of 160 countries on the UN's Gender Inequality Index. As of 2017, UNICEF estimated that 9% of girls in Malawi were married before their 15th birthday, and a full 42% before their 18th.¹² Adolescent pregnancy rates have also increased from 26% to 29% between 2010 and 2016 and adolescent girls are also eight times as likely as their male counterparts to contract HIV.¹³

There is considerable evidence that cash grants benefit both women and young girls. The Overseas Development Institute's evidence review of 165 high quality studies¹⁴ concluded that cash transfers can enable women and girls to exert greater agency and choice in a number of key areas, including marriage and fertility, and can reduce engagement in risky sexual activity. Cash transfers can also contribute to reductions in sexual, physical, and emotional abuse of women. A recent study on GiveDirectly program in Kenya found that GiveDirectly transfers

¹¹ [USAID/Malawi Country Development Cooperation Strategy](#)

¹² [State of the world Children Statistics](#). UNICEF, 2017

¹³ Chirwa et al. 2019

¹⁴ Bastagli et al, 2016

averaging \$500 reduced both physical violence and sexual violence for both recipients *and* their neighbors compared to 'pure control' villages.¹⁵

What next?

GiveDirectly considers unconditional cash grants to be a valuable tool in tackling the myriad challenges facing women and girls in Malawi. In particular, GiveDirectly is looking at combining cash grants with targeted behavior change communications as a means to decrease the number of child marriages and improve sexual and reproductive health.

A 2016 systematic review analyzed interventions to prevent child marriage among young people in low- and middle-income countries.¹⁶ Of the interventions they analyzed, they found four common features amongst interventions which had a statistically significant impact on rates of child marriage. These were:

- Including an economic aspect (e.g., cash transfers or school tuition vouchers)
- Providing an incentive to remain in school
- Messaging to the recipients that the intervention is explicitly focused on child marriage
- Continuing the intervention for as long as you want to delay child marriage

To our knowledge, there has yet to be an unconditional cash transfer program focused explicitly on decreasing rates of child marriage. However, by carefully structuring the cash transfers and combining them with behavior change programming, they can be aligned with all four of the features listed above.

GiveDirectly therefore proposes enrolling cohorts of 14-16 year old girls living in areas of rural Malawi with particularly high rates of child marriage. Between enrollment and their 18th birthdays - the window during which child marriages are most common - GiveDirectly would provide tri-annual unconditional cash grants to these girls, totaling ~\$500 over 4 years. Simultaneously, the same cohort would be provided with relevant communications using radio, print, and on-the ground events that equip girls with the knowledge, confidence, and skills they need to help them stay in school, manage their finances, and enable them to have conversations with their peers and other trusted members of their communities about issues including SRH, education, and economic readiness.

5.2. Youth Empowerment and Employment

¹⁵ Haushofer et. al, 2019

¹⁶ Kalamar et al, 2016

USAID/Malawi's Development Objective 2 is that “*Youth lead healthy, informed and productive lives*”. As part of this, USAID aims to strengthen the self-reliance of individual youth by equipping them with the assets and agency they need to effectively engage in society.

More than 45% of the population in Malawi is below the age of 15 and youth (aged 15-29) account for one-quarter of the population.¹⁷ Youth in Malawi face a number of interconnected challenges, including limited educational access and quality, poor health (HIV/AIDS remains the leading cause of death among young people) and high unemployment. The most recent Labour Force Survey in Malawi shows that 22% of youth in Malawi (aged 15-24) are neither in employment, education or training and approximately 27% of those with a job are underemployed.¹⁸ In urban areas, 69% of working people are in informal employment.¹⁹

This young and growing population presents either a risk to stability or the potential for a demographic dividend *if* Malawi can successfully harness the, “drive, ambition and potential,” of young entrepreneurs.²⁰ If Malawi does not adequately address the needs of its youth - further compounding the proportion of undereducated, unskilled, unemployed, and disillusioned young men and women - then Malawi will miss its opportunity to harness the demographic dividend critical for increasing self-reliance.

There is robust evidence that grants to individuals are an effective way to boost incomes, create jobs, fuel ‘bottom-up’ entrepreneurship, and drive uptake of digital financial services for young adults, with recipients empowered to invest in ways that they think will offer the highest rate of return for them over time.

An RCT of GiveDirectly work in rural Kenya showed a significant increase in asset holdings amongst recipients, translating into an increase in monthly revenue from agriculture, animal husbandry, and enterprises of 33% relative to the control group mean.²¹ Another study found that men's annual income five years after receiving transfers had increased by 64%–96% of the grant amount.²² A study in Uganda found that four years after youth received one-time lump-sum payments, they earned 41% more on average than those who had not received the payments (at 9 years, the control group had caught up).²³

Cash grants also enable investment and build local markets through increasing demand for goods and services - thereby supporting the livelihoods of local producers. Through GiveDirectly's most recent study, we can see that over the course of 27 months, the total

¹⁷ OECD, 2018

¹⁸ National Statistical Office, Malawi Labour Force Survey, 2018

¹⁹ OECD, 2018

²⁰ Africa at a Tipping Point, Mo Ibrahim Foundation, 2017

²¹ Haushofer and Shapiro (2016)

²² De Mel (2012)

²³ Blattman (2014)

economic impact of a \$1,000 transfer is approximately \$2,600 (a fiscal multiplier of about 2.6) when you add up impacts for recipients and non-recipients.

What next?

GiveDirectly sees an immediate opportunity to boost economic outcomes and reward entrepreneurship through the delivery of large, one-time enterprise grants to youth (averaging ~\$1000) in order to reduce urban poverty amongst Malawi's young population, and to enhance understanding of the key enabling social, political, and environmental factors that can support this. Incorporating learnings from the HEC behavioral nudge through the current USAID/Malawi and GiveDirectly partnership, GiveDirectly would consider a nudge to encourage young people's engagement with entrepreneurship and a propensity to innovate, invest, and take risks while not imposing any specific restrictions or conditions on how young people use the money.

This builds on a model developed and demonstrated by GiveDirectly through an innovative pilot project launched in 2018 in the Mathare informal settlement district of Nairobi, Kenya. Final results are not yet available. However, GiveDirectly has effectively completed operations and knows that such urban projects are operationally feasible (safe, secure, and efficient).

Initial surveys and follow-ups with recipients show transfers being spent in diverse ways: saving to set up a fruit and grocery business, paying school fees, purchasing livestock, purchasing subsistence items such as food and clothes, and buying a motorcycle to run a taxi business.

5.3. Nutrition

USAID/Malawi's' Development Objective for youth to lead healthy, informed, and productive lives is predicated on the understanding that in order to do this, key developmental milestones must be met within age bands - for example, tackling malnutrition between the ages of 0-5 can better ready a child to enter primary school, achieve increased educational attainment, and ultimately be better protected from sexual violence, enjoy better employment opportunities, and help build the resilient human capital that the country needs to move towards greater self-reliance.

While there has been some progress in addressing malnutrition in recent years, it has been slow and inconsistent. There is still no simple, cost-effective program that has been proven to meaningfully move the needle on nutrition outcomes. There is, however, emerging evidence warranting further investigation that cash transfers improve nutrition outcomes. For example, the Overseas Development Institute found that 7 out of 12 studies measuring dietary diversity report significant improvement, and GiveDirectly monthly cash transfers in Kenya significantly

improved food security index scores (e.g. children skipped 27% fewer meals).²⁴ Though research is mixed on how this translates into improved nutrition outcomes, 5 out of 13 studies reviewed by ODI found statistically significant evidence that cash transfers reduce stunting, suggesting the need for deeper study.²⁵ Additionally, a 5-year follow-up on a UCT program to young women in Malawi found that children born to cash transfer recipients during the program, “had significantly higher height-for-age z scores”.²⁶

Independent academic researchers such as IPA have also recently published results from GiveDirectly's first cash benchmarking study in partnership with USAID/Rwanda. The study compared a traditional nutrition program (Gikuriro) - designed to tackle multiple drivers of malnutrition including nutrition and hygiene knowledge, farming practices and lack of savings - with a cost-equivalent amount of cash to households (~\$110) and with a larger cash transfer (~\$530).

The traditional nutrition program had no impact on nutrition outcomes - although it did lead to an increase in savings. The equivalent amount of cash also had no impact on nutrition outcomes - although it did lead recipients to cut their debt by 76% and cause increases in both productive assets (+30%) and consumption assets (+40%). The large cash transfer had substantial impacts on nutrition. Not only did the large transfers increase assets and consumption expenditure, but recipients also experienced more diverse diets (+11%), modest improvements of ~0.1 standard deviation in child height-for-age, weight-for-age and mid-upper arm circumference metrics (all significant at 10% or above), and most strikingly, lowered child mortality (1 percentage point).²⁷

What next?

Given the shortfall in funding to end global malnutrition, deploying existing resources effectively is more critical than ever. Firmly establishing cash grants as a cost-effective approach as well as a benchmark for global nutrition programs can help direct essential funding for nutrition to the most impactful interventions, improving outcomes for millions around the world.

In this context, GiveDirectly sees a critical opportunity to expand its cash programming for nutrition in Malawi, delivering both the immediate impacts on dietary diversity, food security and nutrition as demonstrated through existing evidence and creating additional data points that can be referenced widely as a benchmark for broader cost-effective nutrition programming.

²⁴ ODI, 2016; Haushofer and Shapiro, 2016

²⁵ ODI, 2016

²⁶ Baird et al. (2016)

²⁷ [McIntosh and Zeitlin, 2018](#)

5.4. Humanitarian Response

Malawi remains one of the most disaster-prone countries in the world. Flooding and droughts - for a long time a constant in Malawi - are being exacerbated by climate change and the pressure from a growing population. In addition, other natural disasters such as Cyclone Idai and the outbreak of COVID-19, have the potential to devastate the country's economy. In this context, the type, scale, and speed of assistance required may dramatically change.

The USAID/ Malawi and GiveDirectly partnership has demonstrated the potential of cash grants as a form of rapid, secure, and efficient assistance to those in particular need. This has been further tested and demonstrated to be effective through GiveDirectly's recent response to COVID-19.

COVID-19 Pandemic Response

GiveDirectly has built on the cash delivery model demonstrated through the USAID/Malawi partnership to roll out small, monthly cash grants as an effective response to the COVID-19 pandemic (adapting operations to be almost 100% remote while meeting the highest quality bars around safety, security, and recipient accountability).

The COVID-19 crisis is disproportionately impacting developing countries like Malawi - both in terms of short-term health outcomes, and the possibility for devastating social and economic impacts over the months and years to come. In particular in urban and peri-urban areas, the challenges faced by Malawians are being exacerbated by the health, social, and economic impacts of the COVID-19 pandemic.

GiveDirectly has launched one of the first COVID-19 response projects in Lilongwe. Through this program, GiveDirectly is working with the Segal Family Foundation and their network of local Community Based Organizations to identify and reach those most vulnerable to the impacts of COVID-19. As of March, 2021, GiveDirectly has successfully enrolled over 2,000 recipients sourced by these Community Based Organizations.

As of August 2020, GiveDirectly has successfully enrolled over 5,000 vulnerable women who have been particularly affected by the crisis (through a reduction of food consumption and security coupled with an increase in gender based violence) via a partnership with [Tingathe](#). These women are receiving three months of transfers at \$50 per month, designed to allow them to meet their immediate needs such as reducing the likelihood of food insecurity, preventing negative coping strategies, and benefiting communities through boosting income for local vendors of essential goods.

Based on the existing evidence, we expect that cash transfers will enable our recipients to meet their basic needs, protect livelihoods, and contribute to reductions in the sexual, physical, and emotional abuse of women.²⁸

Delivering a program at this scale will also produce key insights for the Government of Malawi and the wider development sector on the use of shock-responsive cash transfers and the feasibility of mobile money as a payment modality, in particular as an effective and efficient form of humanitarian response.

What next?

Through GiveDirectly's COVID-19 emergency response program, GiveDirectly has developed an operating model and suite of partnerships that can be rapidly activated in the event of another humanitarian crisis to provide critical support to those most in need.

6. Conclusions

The USAID/Malawi, Good Ventures, and GiveDirectly partnership has served to demonstrate that delivering electronic household grants at scale, via mobile money, is both operationally feasible and efficient. Important lessons have been captured which can effectively inform cash transfer programming at scale in Malawi and beyond:

1. **Large, lump-sum cash grants can be delivered efficiently and securely** through electronic payments to rural and remote communities (77% of each dollar of the program ended up in the hands of recipients).
2. **Malawi's new National ID can be rolled out at scale as an effective tool** for recipient selection, enrollment, and accountability.
3. **A dedicated, recipient-focused call center can improve program metrics**, including efficiency rates, uptake rates, fraud rates, and recipient experience.
4. **Robust community engagement and sensitization is critical** for effective, safe, secure, and recipient-responsive program delivery.
5. **No cost behavioral nudges combined with a cash transfer program show potential** as a mechanism to address context-specific challenges and increase program impact.
6. **Electronic cash grants can be an extremely effective means of delivering assistance rapidly, securely and remotely** in response to major humanitarian challenges.

Beyond these operational innovations and learnings, results from the program thus far, combined with the existing evidence base, indicate that household grants have potential as

²⁸ Bastagli et al, 2016

one of the most promising opportunities for providing support to those most in need. At the same time, they can serve as a benchmark against which traditional development interventions are measured and bring about lasting development sector change. Through flexibly adapting program design, targeting criteria, grant size, and payment cadence based on a wealth of robust evidence and real time program monitoring, cash grants present a critical tool for tackling some of Malawi's most pressing challenges - with specific demographics, and in the face of humanitarian crises.

The learnings from the USAID/Malawi, Good Ventures, and GiveDirectly partnership, and GiveDirectly's experience of household grant delivery more broadly, demonstrate that there are optimal approaches to cash delivery: approaches that leverage cutting edge technology to maximize efficiency and security and minimize risks of fraud, theft, or loss of funds; that put recipient experience front and center of program success, with thoughtful community sensitization and real time feedback mechanics; and that can adapt, flex, and innovate to meet particular needs (as in the case of the addition of a behavioral nudge or remote contact).

GiveDirectly is well positioned to build on its work in Malawi to both deliver on these approaches and continue to directly impact the lives of thousands of those most in need, while sharing lessons that can help optimize development and humanitarian outcomes across Malawi and beyond.

Annex 1

Village in Chiradzulu District: Why One Village Refused Funds, Then Changed its Mind

As part of the USAID/Malawi, Good Ventures, and GiveDirectly partnership program, a village of about 70 households in the Chiradzulu district was selected to receive GiveDirectly transfers. However, when GiveDirectly field officers arrived at the village to hold a routine community meeting, the field officers were first actively ignored and then asked to leave.

Later, the village chief visited GiveDirectly officers, asking them to return. The reasons behind this reflect how critical each step of GiveDirectly's community engagement process is to the delivery of a successful program:

1. A Missing Chief

The initial step in community engagement once a village has been selected is for GiveDirectly to reach out to the village chief to introduce the program. Assuming that the village chief accepts, GiveDirectly proceeds to hold a baraza (i.e. public meeting) to discuss with the whole community.

Upon arriving in the selected village on this day, GiveDirectly officers were not acknowledged or welcomed. The team soon discovered that the village chief was not present as planned and without his presence, the village was not willing to engage with GiveDirectly staff.

The team members were able to speak with the Chief and with her clearance the village participated in the Baraza led by the GiveDirectly.

2. An Incomplete List

As the baraza kicked off, GiveDirectly staff began to verify a list of all of the households in the village, which had been provided by the village chief, with the help of two men from the village. However, it quickly became clear that there were some people who were not included on the list. "Most of the houses in the village fell during the rains," GiveDirectly staff reported. "So some people had moved in with their relatives. But the list just gave us the name of the owner of the house, and not of the other family that moved in."

It is not unusual for the initial list to require some editing, however, word spread quickly through the baraza causing some instant commotion. Despite reassurance from GiveDirectly field officers that no one would be left off the list, the community remained unconvinced and worried

that some families would benefit while others would not. GiveDirectly staff eventually decided that they needed to end the meeting.

3. A surprise visit

GiveDirectly proceeded to enroll other villages and wait before trying again with this particular village. However, the village chief soon paid a visit directly to GiveDirectly offices. She explained that since the last attempted baraza, cash transfers had gone out to other villages in the area and the community had seen how the program had helped recipients. The GiveDirectly team therefore went back to the village - where, this time, they found a full baraza.

Lessons Learned

GiveDirectly officers have been running barazas in the communities in which they work for many years — this incident shows that we can continue to learn how to do them better. Out of this experience, the Malawi field team emerged with three lessons:

- 1. The chief must be present at the baraza.** This incident proved how truly imperative it is that the village chief is in attendance. If GiveDirectly had insisted that the Chief needed to be present at the baraza, she might have been able to act as a mediator to the dispute earlier on, rather than helping to mend the misunderstanding retroactively. While the GiveDirectly field team has always preferred that village leadership is present at a baraza, the previous policy was that if the field team arrived and the chief was not there for some reason, GiveDirectly would move ahead with the baraza anyhow, as not doing so would mean a significant loss of time. Since this incident, however, the Malawi team has made it a policy to proceed with a baraza only if the chief is present, as we have seen that making this trade-off up front will save us time and resources in the long run.
- 2. It is critical to clarify GiveDirectly's targeting criteria early on in the baraza.** Many NGOs that work in Malawi only pick a small number of households or families in a village to target, and initially the village involved in this incident was not aware of GiveDirectly policy of saturation. This is why the community was riled up by the incomplete list. By explaining the saturation model up front during a baraza, GiveDirectly can differentiate themselves from other organizations that distribute aid differently, and proactively quell any fears of a list containing errors: if the first draft of a list is inaccurate, it is modified to include all households.
- 3. It is important to stay flexible during barazas.** While it is important to make sure all the talking points are covered at every baraza, going forward GiveDirectly field officers are empowered to respond to each situation as it arises. In this particular case, the

Malawi officers believe that if they had stopped earlier and taken questions (which normally happens at the very end of a baraza) rather than plowing through the 45-minute presentation first, they might have been able to de-escalate the situation sooner.

Annex 2

Community Meeting Script: Excerpt for Villages Surrounding Liwonde National Park

“There are several ways that can be used to prevent elephants from coming near your homes or your crops. These methods have been tried and proven by many community members before you. We would like to sensitize you on the various methods that can be used.

Planting chili peppers: You can use the part of your cash transfer to buy chilli seeds. Planting a few rows of chilli peppers around the perimeter of your garden is a way that you can prevent elephants from destroying your crops. Elephants do not like the taste of chilli peppers and therefore will usually move away after encountering them. The added advantage to using the method is that chilli peppers can also be harvested and sold on the market.

Raising/rearing bees: You can use part of your cash transfer to buy and raise bees. Elephants have been known to be very afraid of bees. Bees will not necessarily harm the tough hide of an elephant however they will sting sensitive areas such as their eyes. As a result, elephants tend to stay away from areas where they have spotted bees. Rearing bees is therefore one of the ways that can be used to deter elephants from your crops and fields . There is also a secure market for honey around the national park that could create an additional revenue stream for you.

Investing in other non-agriculture methods: We have talked about some different ways to protect your crops and fields against elephants. However we would also like to advise you to invest your cash transfers in areas such as small business in order to create additional ways of generating income in your household. This way if something was to happen to your crops you would still be able to rely on this second income to survive. Some examples of businesses our recipients have opened are tuck shops, they have bought solar panels for charging phones and motorcycle taxis.

We can only advise you on what you can spend your transfers on. GiveDirectly transfers are unconditional and therefore the final decision on how to spend this cash will rest with each eligible household. However our goal as we stated in the beginning of the baraza is that we would want communities surrounding the national park to live harmoniously with the animals within the park. We would not want any of GiveDirectly cash transfers to be used to harm Elephants or any of the animals in the national park.”