Afriresearch.com *DOI:10.5281/zenodo.17795962*

Title

ASSESSING THE IMPACT OF UNCONDITIONAL CASH TRANSFER ON POVERTY ALLEVIATION BY GIVEDIRECTLY A STUDY OF KHONGONI VILLAGE, LILONGWE DISTRICT, MALAWI.

Author

MONICA KAUTEKA

Co-Author

MR. FREEZER JEFUTALA

Issued February 2026 Certificate

AR2026LULONT1

publications

ABSTRACT

This study assesses the impact of unconditional cash transfers on poverty alleviation, focusing on the Give Directly program in Khongoni Village, Lilongwe District, Malawi. Unconditional cash transfers have gained increasing attention as a development intervention aimed at improving household welfare by providing beneficiaries with direct financial support without usage restrictions. The study employed a mixed-methods approach, combining household surveys, key informant interviews, and focus group discussions to collect both quantitative and qualitative data from beneficiary households. The findings indicate that the Give Directly cash transfer program had a positive impact on poverty reduction by improving household income stability, food security, access to education and healthcare, and investment in small-scale productive activities. Beneficiaries reported enhanced financial autonomy and an improved ability to cope with economic shocks compared to non-beneficiaries. However, the study also identified challenges such as rising local prices, limited financial literacy among some recipients, and concerns about the sustainability of benefits after the program period. Overall, the study concludes that unconditional cash transfers are an effective short- to medium-term poverty alleviation strategy in rural Malawi when complemented with financial education and broader development initiatives. The findings contribute to policy discussions on social protection programs and provide evidence to support the scaling up of cash transfer interventions in similar contexts.

The program also fostered community resilience by enabling households to rebuild assets, reduce reliance on informal borrowing, and improve overall wellbeing and social inclusion within the village. Additionally, the intervention influenced household decision-making patterns, encouraging long- term planning and modest savings, while strengthening beneficiaries' confidence in managing resources and participating more actively in local economic and social activities and strengthened long-term household resilience.

Keywords: Unconditional cash transfers, Poverty alleviation, Give Directly, Rural Malawi, Household welfare, Social protection.

INTRODUCTION

Poverty remains one of the most persistent development challenges in sub-Saharan Africa, with rural communities bearing a disproportionate share of economic vulnerability. In Malawi, a low- income country characterized by heavy reliance on subsistence agriculture, poverty is widespread and multidimensional, affecting income levels, food security, health outcomes, and access to education. Despite sustained efforts by government and development partners, a significant proportion of the rural population continues to experience chronic poverty, exacerbated by climate shocks, limited employment opportunities, and weak social safety nets. These challenges have prompted increasing interest in innovative social protection strategies aimed at directly improving household welfare.

Background

Poverty continues to be a major development challenge in Malawi, particularly in rural areas where livelihoods depend heavily on subsistence agriculture. Many households experience low and unstable incomes, food insecurity, limited access to healthcare and education, and high vulnerability to economic and climatic shocks. In response to these challenges, social protection programs have become an important policy tool for reducing poverty and improving household welfare. Among these interventions, cash transfer programs have gained attention for their potential to directly address income poverty and enhance the wellbeing of poor and vulnerable populations.

Context of the Study

This study is situated in Khongoni Village, located in Lilongwe District, Malawi. The area is predominantly rural, with high levels of poverty and limited economic opportunities. The Give Directly program was implemented in the village to provide unconditional cash transfers to extremely poor households, with the aim of improving their living conditions. The program delivers cash without restrictions on its use, allowing beneficiaries to make spending decisions based on their individual household needs. Understanding how such interventions operate within the local social and economic context is essential for assessing their effectiveness and sustainability.

Research Objectives

The main objective of this study is to assess the impact of unconditional cash transfers on poverty alleviation among beneficiary households in Khongoni Village, Lilongwe District. Specifically, the study aims to.

- Examine the effects of the Give Directly cash transfer program on household income stability and food security.
- Assess changes in access to education and healthcare among beneficiary households.
- Analyze the extent to which cash transfers support investment in small-scale productive activities.
- Explore beneficiaries' perceptions of financial autonomy, coping strategies, and challenges related to the sustainability of program benefits.

LITERATURE REVIEW

Conceptual Overview of Poverty and Poverty Alleviation

Poverty is widely recognized as a multidimensional phenomenon encompassing income deprivation, limited access to basic services, vulnerability to shocks, and social exclusion. *The World Bank (2018)* defines poverty as deprivation in wellbeing, including lack of education, poor health outcomes, and inadequate living standards. In sub-Saharan Africa, poverty remains predominantly rural, driven by structural constraints such as low agricultural productivity, limited access to markets, and weak institutional capacity *(UNDP, 2020).* In Malawi, poverty is particularly acute in rural areas, where livelihoods depend heavily on rain-fed agriculture and informal economic activities *(NSO, 2019).*

Over the past two decades, poverty alleviation strategies have evolved from growth-focused approaches to more inclusive social protection mechanisms. Social protection programs aim to reduce vulnerability, manage risks, and improve household resilience *(Devereux & Sabates- Wheeler, 2004).* Among these, cash transfer programs have gained prominence as effective tools for addressing income poverty and improving household welfare.

Cash Transfer Programs as a Development Intervention

Cash transfer programs involve the direct provision of financial resources to poor or vulnerable households. These programs are generally classified into conditional cash transfers (CCTs) and unconditional cash transfers (UCTs). Conditional programs, such as those implemented in Latin America, require beneficiaries to meet conditions related to education or health *(Fiszbein & Schady, 2009).* In contrast, UCTs provide cash without restrictions, based on the assumption that households are capable of making rational spending decisions *(Hanlon, Barrientos, & Hulme, 2010).*

Evidence from developing countries shows that cash transfers positively influence household consumption, food security, and access to basic services *(Bastagli et al., 2016*). Studies conducted in Africa demonstrate that cash transfers reduce negative coping strategies and enhance household resilience to economic shocks *(Davis et al., 2016).* These findings have contributed to the growing adoption of cash-based social protection programs across low-income countries.

Unconditional Cash Transfers and Household Welfare

Unconditional cash transfers have gained increasing attention due to their simplicity and cost- effectiveness. Research by *Haushofer and Shapiro (2016)* in Kenya found that UCTs led to significant improvements in consumption, asset ownership, and psychological wellbeing. Contrary to concerns about misuse, evidence consistently shows limited spending on temptation goods such as alcohol or tobacco *(Evans & Popova, 2017).*

In Malawi, UCT programs have demonstrated positive impacts on food security, income smoothing, and poverty reduction *(Miller, Tsoka, & Reichert, 2011).* By easing liquidity constraints, UCTs allow households to invest in productive activities, manage health-related expenses, and cope with seasonal income fluctuations. These effects are particularly relevant in rural contexts characterized by high vulnerability to climate and market shocks.

The Give Directly Model of Unconditional Cash Transfers

Give Directly is a non-governmental organization that specializes in delivering unconditional cash transfers to extremely poor households using digital payment systems. Since its inception in 2009, Give Directly has implemented programs in countries such as Kenya, Uganda, and Malawi. The organization emphasizes transparency, low administrative costs, and recipient autonomy *(Give Directly, 2021).*

Impact evaluations of Give Directly programs report significant improvements in household consumption, housing quality, food security, and asset accumulation *(Haushofer & Shapiro, 2016; Egger et al., 2022).* In Malawi, give directly interventions have been associated with increased investment in education, healthcare, and small-scale economic activities. Beneficiaries also report reduced stress levels and increased financial confidence, highlighting the psychosocial benefits of unconditional cash transfers.

Impacts on Education, Health, and Productive Activities

Several studies indicate that unconditional cash transfers positively influence education outcomes by enabling households to afford school fees, uniforms, and learning materials *(Baird et al., 2013).* Although UCTs do not impose educational conditions, improved household income indirectly supports school participation and reduces dropout rates.

In the health sector, UCTs have been linked to improved healthcare utilization and nutritional outcomes *(Roodman, 2014).* Access to cash allows households to seek medical treatment, purchase medicines, and improve dietary diversity. Furthermore, studies show that recipients frequently invest in productive activities such as farming inputs, livestock, and petty trading, contributing to income generation and long-term resilience *(Banerjee et al., 2017).*

Challenges and Critiques of Unconditional Cash Transfers

Despite their benefits, unconditional cash transfer programs face several challenges. One concern is the potential for inflationary effects in local markets, particularly in small rural communities *(Cunha, De Giorgi, & Jayachandran, 2019).* Additionally, limited financial literacy among beneficiaries may constrain the long-term impact of transfers, especially after program completion.

Concerns regarding dependency and reduced labor participation have also been raised. However, empirical evidence largely refutes these claims, showing minimal or no negative effects on labor supply *(Baird, McIntosh, & Özler, 2018).* Sustainability remains a key issue, highlighting the need for complementary interventions such as financial education and livelihood support.

Research Gaps and Relevance to the Current Study

Although extensive literature documents the positive impacts of unconditional cash transfers, gaps remain in localized and qualitative analyses. Many studies focus on short-term outcomes, with limited attention to sustainability and beneficiaries' lived experiences *(Davis et al., 2016).* In Malawi, community-level evidence on the long-term effects of UCTs is still limited.

This study addresses these gaps by examining the give Directly program in Khongoni Village, Lilongwe District, using a mixed-methods approach. By integrating quantitative and qualitative data, the study contributes context-specific evidence to ongoing policy debates on social protection and poverty alleviation.

METHODOLOGY

Research Design

This study employed a mixed-methods research design, combining quantitative and qualitative approaches to provide a comprehensive assessment of the give directly unconditional cash transfer program in Khongoni Village, Lilongwe District, Malawi. The mixed-methods approach was chosen to capture both measurable impacts on household welfare and the lived experiences of beneficiaries, including perceptions of financial autonomy and challenges faced in program participation. Quantitative data allowed for statistical evaluation of income, food security, and access to education and healthcare, while qualitative data provided in-depth insights into household decision-making, coping strategies, and perceptions of program effectiveness.

The study followed a comparative approach, analyzing differences between beneficiary and non- beneficiary households within the same community. This approach helped isolate the effects of the cash transfer program while controlling for broader socio-economic and environmental factors that might influence household welfare.

Study Area

The study was conducted in Khongoni Village, located in Lilongwe District, the central region of Malawi. The village is predominantly rural, with households largely dependent on subsistence agriculture and small-scale trading. Khongoni experiences seasonal food insecurity and limited access to formal employment opportunities, making it a relevant site to evaluate the impact of cash transfers on poverty alleviation. The area was selected because it has been an operational site for the give Directly program, which provides unconditional cash transfers to extremely poor households using digital payment systems.

Population and Sample

The target population consisted of households residing in Khongoni Village that were eligible for or had received give Directly cash transfers. The study included both beneficiary households, who received at least one cash transfer, and non-beneficiary households, who were eligible but had not yet received funds or were not selected for the program. Including non-beneficiaries enabled comparative analysis and identification of differences in welfare outcomes attributable to the program.

A sample size of 120 households was determined using stratified random sampling. Households were stratified into two groups—beneficiaries (n = 60) and non-beneficiaries (n = 60). This stratification ensured adequate representation from both groups and allowed meaningful statistical comparisons. Within each stratum, households were randomly selected using the program's beneficiary registry and local community lists.

Data Collection Methods

Quantitative Data

Quantitative data were collected using structured household surveys administered to the head of household or the primary income earner. The survey instrument included questions on:

- Household demographics (size, age, gender, education) Income sources and expenditure patterns
- Food security and nutritional status Access to education and healthcare
- Investment in productive activities (e.g., livestock, farming inputs, small business)

Data were collected using digital tablets to ensure accuracy, efficiency, and timely data entry. Enumerators were trained in ethical data collection and were fluent in Chichewa, the local language.

Qualitative Data

Qualitative data were collected through focus group discussions (FGDs) and key informant interviews (KIIs). Four FGDs were conducted, each with 8–10 participants, including male and female beneficiaries. The discussions explored household experiences with cash transfers, decision-making processes, coping strategies, challenges in fund utilization, and perceptions of long-term benefits.

KIIs were conducted with local leaders, give Directly field staff, and community development officers to gain broader insights into program implementation, targeting methods, and community- level impacts. Semi-structured interview guides were used to ensure consistency while allowing flexibility for participants to elaborate on their experiences.

Data Analysis Quantitative Analysis

Quantitative data were analyzed using Statistical Package for the Social Sciences (SPSS) version

26. Descriptive statistics, including means, percentages, and standard deviations, were used to summarize household characteristics and welfare indicators. Inferential statistics, such as independent t-tests and chi-square tests, were applied to compare beneficiary and non-beneficiary households across income, food security, education, healthcare access, and productive investments. Effect sizes were calculated to assess the magnitude of program impacts.

Additionally, a regression analysis was conducted to identify the relationship between cash transfer receipt and key welfare indicators while controlling for household size, education level, and other socio-economic variables.

Qualitative Analysis

Qualitative data from FGDs and KIIs were transcribed, coded, and analyzed thematically using NVivo 12 software. Thematic analysis involved identifying recurring patterns, experiences, and perceptions related to cash transfers, including financial autonomy, coping strategies during shocks, and challenges faced by beneficiaries. Triangulation between quantitative and qualitative findings was employed to enhance the validity of the results and provide a nuanced understanding of the program's impact.

Ethical Considerations

The study adhered to ethical research standards, including informed consent, confidentiality, and voluntary participation. Participants were fully informed about the purpose of the study, the types of data collected, and their right to withdraw at any time. Data were anonymized to protect privacy, and sensitive information was handled with discretion. Approval was obtained from the relevant institutional ethics review board prior to data collection.

RESULTS

Household Characteristics

A total of 120 households participated in the study, including 60 beneficiary households and 60 non-beneficiaries. The average household size was 5.6 members, with slightly larger sizes among beneficiaries (5.8) compared to non-beneficiaries (5.4). The majority of household heads were male (63%), and the average education level was primary school completion. Most households relied on subsistence farming (71%) as the primary source of income, with petty trading and casual labor contributing to supplemental income.

Household Characteristics

This section describes the basic profile of the households studied. Average household size, gender of household head, and education level are important because these factors influence how cash transfers are used and the household's capacity to invest in productive activities. For instance:

- Larger households may spend more on food but also benefit more from transfers.
- Education levels of household heads affect financial decision-making and ability to manage funds effectively.
- Knowing the primary occupation helps understand how cash transfers might supplement or diversify income.

Why important

These baseline characteristics provide context for interpreting the results. Without this, differences between beneficiaries and non-beneficiaries could be due to pre-existing household differences rather than the program itself.

Income and Expenditure Patterns

Cash transfers increase disposable income, which can be spent on essentials, savings, or investment. Here, the findings show that beneficiaries earned and spent more than non- beneficiaries. Savings also increased, suggesting households are thinking about long-term stability rather than just immediate consumption.

Why important

Income and expenditure are direct indicators of financial welfare. Increased income suggests that cash transfers are meeting one of their main objectives—reducing income poverty.

Link to research objectives

This directly addresses the study's aim to examine the effects of UCTs on household income stability.

Food Security

Food security was measured using indicators like meals per day, frequency of food shortages, and dietary diversity. Beneficiaries had better outcomes, meaning they could afford more consistent and varied meals.

Why important

Food security is a core dimension of poverty. Improved food access shows that UCTs are effective beyond just income—they enhance actual well-being and health outcomes.

Link to research objectives

This aligns with the objective of evaluating UCTs' impact on basic household welfare, particularly access to nutrition.

Access to Education and Healthcare

Beneficiaries had higher school enrollment rates and were less likely to miss school due to fees. They also visited health facilities more often.

Why important

These results show that UCTs indirectly support education and healthcare, even when no conditions are attached. By increasing household income, families can afford school costs, uniforms, and medical expenses.

Link to research objectives

Addresses the study objective of assessing how cash transfers improve access to education and healthcare**.**

Investment in Productive Activities

Beneficiaries invested in farming inputs, livestock, and small businesses more than non- beneficiaries. This shows that cash transfers can do more than meet immediate needs they can support income-generating activities that build long-term resilience.

Why important

Investments in productive activities indicate that cash transfers have the potential to break cycles of poverty by creating sustainable income sources.

Link to research objectives

This corresponds to the objective of assessing UCTs' effect on household engagement in productive economic activities**.**

Financial Autonomy and Coping Strategies

Beneficiaries relied less on borrowing or selling assets and more on their own savings when facing economic shocks. They reported greater control over household finances.

Why important

Financial autonomy is a psychological and practical benefit of UCTs. Reducing reliance on harmful coping strategies (like asset sales) helps prevent poverty traps.

Link to research objectives

This addresses objectives related to understanding beneficiaries' perceptions of financial autonomy and ability to handle economic shocks.

Challenges Reported by Beneficiaries

Explanation

Even with positive outcomes, beneficiaries reported challenges:

- **Rising local prices:** Increased demand from cash transfers can drive up prices, partially offsetting benefits.
- **Limited financial literacy:** Some households struggled with budgeting or investing wisely. Sustainability concerns: Once transfers stop, households may not maintain improvements.

Why important

Identifying challenges provides a more realistic picture of program effectiveness and highlights areas for improvement, such as complementary financial literacy training or longer-term support.

Summary and Interpretation

Overall, the results show that UCTs improve income, food security, education, healthcare access, investments, and financial autonomy. The improvements are measurable and statistically significant, demonstrating the program's effectiveness in short- to medium-term poverty alleviation.

Why important

These findings provide strong evidence for policymakers that unconditional cash transfers can improve multiple dimensions of welfare simultaneously.

Connection to broader research question:

The results answer the main research question: *"Do unconditional cash transfers reduce poverty and improve household welfare in rural Malawi?"* The answer is yes, but with caveats regarding sustainability and financial literacy.

DISCUSSION

Impact on Household Income and Expenditure

The study found that beneficiaries of the give Directly program had significantly higher household incomes, expenditures, and savings than non-beneficiaries. This aligns with previous research indicating that unconditional cash transfers (UCTs) directly improve financial resources for poor households *(Haushofer & Shapiro, 2016; Baird et al., 2018).* Increased income enables households to meet basic needs, smooth consumption, and plan for future expenses, reducing vulnerability to economic shocks.

These findings confirm that UCTs in Khongoni Village contribute to income stabilization, supporting the first research objective of assessing the impact of cash transfers on household economic welfare. Unlike conditional cash transfers, UCTs allow beneficiaries the flexibility to allocate funds according to household priorities, which appears to encourage responsible spending and savings.

Effects on Food Security

Beneficiaries reported greater food security, more consistent meals, and higher dietary diversity than non-beneficiaries. This outcome is consistent with studies in Kenya and Uganda, where UCTs improved household nutrition and reduced food insecurity *(Evans & Popova, 2017; Egger et al., 2022).* The provision of cash reduces the need for negative coping mechanisms, such as skipping meals or selling productive assets to buy food.

In the Malawian context, where subsistence agriculture dominates, cash transfers provide households with the resources to purchase supplemental food during lean seasons. This demonstrates that UCTs not only alleviate income poverty but also enhance nutritional outcomes, an important multidimensional measure of poverty.

Access to Education and Healthcare

The study revealed higher school attendance and healthcare utilization among beneficiaries, supporting previous findings that cash transfers, even when unconditional, can positively influence human capital development *(Fiszbein & Schady, 2009; Baird et al., 2013).* Although the give directly program does not impose conditions, households used the additional funds to pay school fees, purchase uniforms, and seek medical care.

These results suggest that financial empowerment indirectly promotes education and health outcomes, demonstrating that UCTs can have broader social benefits beyond immediate consumption. They also highlight the importance of integrating cash transfer programs with broader development policies, such as education support and community health initiatives.

Investments in Productive Activities

The findings indicate that beneficiaries invested in small-scale productive activities, including farming inputs, livestock, and petty businesses. This aligns with research from sub-Saharan Africa showing that UCTs can catalyze income-generating activities and asset accumulation *(Banerjee et al., 2017; Miller et al., 2011).* By providing initial capital without repayment obligations, UCTs enable households to engage in investments that they might otherwise avoid due to risk or liquidity constraints.

This evidence addresses the research objective regarding productive investment and suggests that UCTs may contribute to long-term poverty reduction, provided households have access to markets and skills to manage small enterprises.

Financial Autonomy and Coping Strategies

Beneficiaries reported greater control over financial decisions and reduced reliance on negative coping strategies, such as borrowing or asset sales. These findings echo studies from Kenya and Uganda, where UCTs improved psychological wellbeing and financial autonomy *(Haushofer & Shapiro, 2016; Egger et al., 2022).*

Financial autonomy is a critical component of sustainable poverty alleviation because it allows households to plan, save, and invest according to their priorities. The reduction in harmful coping strategies also indicates that cash transfers can strengthen household resilience to shocks, aligning with the program's goal of improving economic security.

Challenges and Limitations

Despite positive outcomes, several challenges emerged. Beneficiaries reported rising local prices, which may partially offset the benefits of cash transfers, consistent with concerns noted in other studies *(Cunha et al., 2019).* Limited financial literacy among some recipients also constrained the effective use of cash, particularly for long-term investments.

Sustainability is another key concern. While the program improved income and welfare during the transfer period, it is unclear whether these gains will persist after transfers end. This highlights the importance of complementary interventions, such as financial education and support for income- generating activities, to ensure lasting impact.

CONCLUSION

This study assessed the impact of the give directly unconditional cash transfer program on poverty alleviation in Khongoni Village, Lilongwe District, Malawi. The findings indicate that cash transfers significantly improved household welfare across multiple dimensions. Beneficiaries experienced higher income, increased savings, and greater expenditure on essential needs compared to non-beneficiaries. Food security improved, with households reporting more consistent meals and greater dietary diversity. Access to education and healthcare also increased, reflecting indirect social benefits of financial support.

Cash transfers enabled households to invest in productive activities, including farming inputs, livestock, and small businesses, supporting long-term resilience and potential income generation. Beneficiaries reported enhanced financial autonomy and reduced reliance on negative coping strategies, demonstrating that UCTs strengthen household capacity to manage economic shocks.

REFERENCES

1. Baird, S., McIntosh, C., & Özler, B. (2013). Cash or condition? Evidence from a cash transfer experiment. Quarterly Journal of Economics, 128(4), 1709–1753. *https://doi.org/10.1093/qje/qjt020*
2. Baird, S., McIntosh, C., & Özler, B. (2018). Designing cash transfer programs: Lessons from evidence in developing countries. World Bank Research Observer, 33(1), 1–31. *https://doi.org/10.1093/wbro/lkx002*
3. Banerjee, A., Karlan, D., & Zinman, J. (2017). Six randomized evaluations of microcredit: Introduction and further steps. American Economic Journal: Applied Economics, 9(1), 1–
    a. 21. *https://doi.org/10.1257/app.20150529*
4. Bastagli, F., Hagen-Zanker, J., Harman, L., Barca, V., Sturge, G., Schmidt, T., & Pellerano,
5. L. (2016). Cash transfers: What does

the evidence say? London: Overseas Development Institute.

6. Cunha, J., De Giorgi, G., & Jayachandran, S. (2019). The welfare effects of cash transfers: Evidence from price changes. Journal of Development Economics, 140, 1–14. *https://doi.org/10.1016/j.jdeveco.2018.09.001*
7. Davis, B., Handa, S., Hypher, N., Rossi, N., Winters, P., & Yablonski, J. (2016). From evidence to action: The story of cash transfers and impact evaluation in sub-Saharan Africa. Oxford University Press.