



# An Evaluation of Seed Capital Disbursement Impact on Livelihoods of Beneficiaries under the Social Support for Resilient Livelihood Project: a Case Study of T/A Mwase, Kasungu District, Malawi.

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**ABSTRACT:** The government of Malawi is currently implementing the Social Support for Resilient Livelihood Project, which runs from 2020 to 2025. The project has two separate programs; Social Cash Transfer and Climate Smart Enhanced Public Works Program, which are safety nets targeting the ultra-poor by providing regular cash disbursements and cash-for-work respectively. Under the Livelihoods support subcomponent of the project, there is a Graduation Pilot aspect in which beneficiaries of the project receive seed capital, a cash amount intended for investment by the individual beneficiaries in order to climb out of the poverty ladder.

This study sought to evaluate the graduation pilot and the seed capital disbursed to the beneficiaries. Therefore, the main objective of the study was to see how they have utilized the funds and how it has affected their lives, and if there is evidence of moving out of their poverty and be self-dependent through investments. Therefore, the main objective of this study is evaluate the impact of the start-up capital that is disbursed to SSRLP beneficiaries whether beneficiary households will successfully graduate from dependence on the government Social Protection Programs by using the transfer payments in a sustainable manner.

The research was qualitative in nature. Its population of study were direct beneficiaries of the graduation program, of whom 30 were identified to take part in the study. The sampling procedure was purposive as it sought only those who benefited. Focus Group Discussion and Key Informant Interviews were also used in this study, in order to have an in-depth understanding and give much

context to the study. The data collected was qualitative in nature and was analyzed using thematic and contextual analysis, and has been interpreted and presented in text, table, and graph formats.

Main findings from the study are; beneficiaries have fully invested the money they received into livestock, trading, production, service provision, and irrigation. There is improved income at household level due to investments done. Graduation beneficiaries are now able to meet the basic needs in their respective household. There is support for their children's education in terms of fees and materials, and asset portfolio in respective beneficiary household has improved.

Recommendations are; there should be an upward adjustment of the graduation funds being received by the beneficiaries (inflation indexed). Timing of the funds disbursement activity should be well planned. Intensive monitoring and supervision of the beneficiaries and their investments to ensure adherence to proper seed capital utilization. Finally, there must be full involvement if local structures in the program implementation, and setup grievance redress mechanism structures.

**KEYWORDS:** Seed capital, graduation, Social Support for Resilient Livelihood Project, SSRLP, investment.

## I. INTRODUCTION

The government of Malawi in conjunction with development partners introduced social protection programs to address the rising levels of poverty in Malawi. Social protection can be defined as all initiatives that provide income or consumption



transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of socially excluded and marginalised people. As a result, the Social Cash Transfer Program and Climate Smart Enhanced Public Works Program are component of the government's social protection intervention, which is currently part of larger government program called Social Support for Resilient Livelihood (SSRLP). This program aims at giving an edge to the poor and ultra-poor to find their way out of their poverty and to find some form of relief from the worsening social conditions and extreme poverty. This program steps in at the local level to make a difference in the fight against poverty.

The SSRLP's development goal is to increase resilience among disadvantaged households while also strengthening Malawi's social safety net delivery infrastructure and program coordination. The project specifically intends to reinforce Malawi's safety net services, enhance productive assets through Climate Smart Enhanced Public Works Program, reduce shocks and vulnerability among poor households through livelihood support, and improve coverage of specific amenities for the absolute poor.

As part of the project, there is the livelihood core subcomponent, which targets the beneficiaries' resilience building in terms of socioeconomic, development and food security. In efforts to achieve this, selected beneficiaries are earmarked to receive MK300, 000 in order to make productive investments and change their lives for the better. This project commenced in 2022, and will continue to rollout until 2027.

#### Statement of the Problem

The government of Malawi with support from the World Bank, through COMSIP Cooperative Union is distributing seed money, also known as start-up capital to selected beneficiaries under the SSRLP in order to help them graduate from poverty through investments in income generating activities. In what way has this initiative affected the beneficiaries' livelihood and income levels in an effort to move them from abject poverty levels to economic independence?

#### Objectives of the study

Below are the objectives that this paper seeks to study and guide the course of this research.

#### 1.3.1 Main objective

The main objective of this study is to assess the impact of the start-up capital that is disbursed to SSRLP beneficiaries whether beneficiary households will successfully graduate from dependence on the government Social Protection Programs by using the transfer payments in a sustainable manner

#### 1.3.2 Specific objective

- i. To investigate the utilization of the seed capital which beneficiaries have received
- ii. To assess measures in place to control spending habits and investment of the start-up capital
- iii. To measure the impacts of seed capital on household food security and income status

#### 1.4 Research Question

- i. How do recipients utilize the start-up capital?
- ii. What measures are in place to track expenditure and investment of the start-up capital?
- iii. What is the impact of the start-up capital on household food security and food security?

## II. LITERATURE REVIEW

Several themes were reviewed and have been presented below

### Social Protection and Safety Nets Rationale

Safeguarding social protection measures serve a protective function in delivering assistance to the poor. Public works is another example of a protective social protection program because it gives economic relief to low-income working-age people. These individuals tend to be chronically destitute and incapable being employed for survival. Such safeguards include both social aid and social services, which are typically funded through tax revenue. These measures can also be funded by non-governmental organizations (NGOs) or international donors. Because resources are limited to reach everyone, targeting is a common strategy for social protective measures. Underprivileged youth, elderly individuals, and those with disabilities are examples of vulnerable groups.



### **Social Protection Role in Human Development**

The provision of safety nets intends to reduce all forms of poverty, including poor health, economic and social challenges that the majority of people in developing nations face. People from poor areas are predisposed to and vulnerable to all of the aforementioned difficulties. However, social protection can foster a sense of security in vulnerable people, giving them hope for the future. Social protection systems have the ability to improve people's lives through boosting the resilience of the most vulnerable families, individuals, and communities.

### **Graduation and exit Strategies for CCTs Beneficiaries**

Graduating involves quitting a social protection program after reaching a certain level of well-being, or after acquiring a set of resources that are meant to prepare the participant for a higher-income future livelihood. While poverty reduction is not a new notion, graduation programming is. The conceptualization and implementation of graduation programs in a variety of countries and circumstances, outlining what graduation is, how it works, and how to execute it. According to Oxford Policy Management (2013), as poverty reduction strategies and expectations for holistic social security systems grow, so should graduation aspirations.

### **Rationale for Graduation**

Graduation can refer to a long-term departure from abject poverty. Graduation is described as attaining a particular degree of human, social, physical, and productive assets that enable households to become self-sufficient and establish the capacity to cope with shocks without reverting to extreme poverty (Lawlor, 2001). This is a considerable intervention in order to reduce the burden on social protection and actually help the ultra-poor move out the abject poverty line and sustain themselves.

## **III. RESEARCH METHODOLOGY**

### **Research Design**

This study has taken a qualitative approach in its design. Qualitative approaches to research value depth of meaning and people's subjective experiences and their meaning-making processes (Leavy, 2017). These approaches allow us to build a robust understanding of a topic, unpacking the meanings people ascribe to their lives to activities, situations, circumstances, people, and objects. Methodologically, these approaches rely on

inductive designs aimed at generating meaning and producing rich, descriptive data.

### **Population of the study**

A population is any entire collection of people, animals, plants or things from which we may collect data. It is the entire group we are interested in, which we wish to describe or draw conclusions about (Szilvia, 2013). In this study, the population of study are the group members of COMSIP Cluster, who are the direct beneficiaries of the social protection program in the area.

### **Sampling Procedure**

The procedure adopted for this study is Purposive Sampling, which falls under Non-Probability Sampling class. Purposive sampling technique is a non-probability technique as earlier pointed, which refers to the deliberate choice of an informant due to the qualities that the informant possesses (Nadeyo, 2021). Thus, this research applied purposive sampling for two reasons. First, because the research is intentionally interested in beneficiaries of cash transfers and seed capital, purposive sampling makes it easy to identify the research participants. Second, purposive sampling entails minimal cost implications to the researcher, yet guarantees the researcher that the desired data will be obtained

### **Sample size**

Below is the breakdown of the sample size  
Total number of study participants that were to take part in this study were 30. For Focus Group Discussion there were participants were six who represented key structures in the geographical area of study.

### **Methods of data collection**

The study used both primary and secondary data. Primary data has been collected using in-depth interviews using semi-structured guide with study participants who are primary beneficiaries of the graduation funds.

Focus Group Discussions, whose participants were community-based influential persons or stakeholders in regards to the project was also conducted. These key stakeholders on the ground have been involved since they have a role in the project, and that the beneficiaries are not living in isolation.

Key informant interviews has been used as part of data collection. This was done in order to gain



insight from the technical standpoint on the project designs and implementation. Secondary data collection from documents and progress reports from implementing agencies and ministries, including literature on the same from relevant sources such as government documents, project documents, reports, scholarly papers, and journals.

#### IV. KEY FINDINGS

##### Investments made by Beneficiaries

Type of Investment	Frequency	Percentage (%)
Goats	14	58.33
Kabhaza (commercial bicycle operation)	4	16.67
Irrigation	5	12.5
Piggery	10	41.67
Thrift/Kaunjika	3	12.5
Grocery Shop	1	4.17
Barbershop/Saloon	1	4.17
Tailoring	2	41.67
Tomato	2	8.333
Soya	3	12.5

The beneficiaries were asked to disclose what type of investment they made with the \$300 they received. The beneficiaries were at liberty to have more than one type of business in order to have create investment portfolio. In this case, it means; one respondent gave multiple responses to the question.

The most common choice of investment was goat keeping for commercial purpose, followed by piggery, and commercial bicycle operation. Least

After investing the start-up capital received, participants were asked on what they have managed to achieve at household level, above as presented in the graph are the different areas of accomplishment or achievements, topped by food security and nutrition status. Note: participants were at liberty to mention more than one area of accomplishments; hence, the figures presented do not sum up to 24.

This has been followed by adding assets to households, farm inputs, and stable income. Others have achieved access to land and renovation of homes. Food security and nutrition are not the only household benefits. There is additional evidence that obtaining seed capital improves access to healthcare and education. While improving dietary

##### Tools for Data Analysis

Data collected analysis, processing was done by use of thematic, and content analysis since the data was qualitative in nature. This was a suitable tool for this study since its qualitative nature and its capability to capture fully the essence of the theme.

invested areas were grocery shop and barbershop/hair salon. Small-scale irrigation, thrift business, and purchase of soya beans for resale, had equal number of choice of investment.

The coming in of different business in the respective areas at once did not at all saturate the market. The business options or choices were arrived at after a well-informed guidance from the extension staffers from COMSIP and Community Development. Market research was conducted individually by the beneficiaries to check feasibility of the products or services they were to bring on the market in their respective communities

##### What Beneficiaries have achieved at Household Level

Value	Frequency	Percentage (%)
Food security and Nutrition Status	23	95.83
Children's education	14	58.33
Household assets	9	37.5
Farm inputs	5	20.83
Stable income	5	20.83
Housing (Renovations)	4	16.67
Access to land	4	16.67
Other (Piggery)	1	4.17

condition directly supports improved health status of household members, the monies have allowed users to afford treatment in an indirect way.

Transfers have also played a major role in increasing access to education, not just by providing households with the resources to pay school tuition, but also by allowing them to acquire peripheral necessities associated with attending school, such as uniforms, books, and stationery, from their investment gains. Education is widely acknowledged as a crucial means of decreasing intergenerational poverty and encouraging development, yet access to it is sometimes hampered by financial constraints.



### Funds Sufficient for Beneficiaries Livelihood Objectives and Strategies.

Value	Frequency	Percentage (%)
No	17	71
Yes	7	29

Participants were asked to express on the amount they received for investment if it was sufficient or adequate for their investment options. This was an important question to pose as it has an implication of future planning and program of the same to other beneficiaries in the future. Responses as seen from the above graph shows that 17 participants, representing 71%, expressed that the funds were not enough for investment purposes. 7 participants indicated that the funds received was adequate for their investment options. Further enquiry on the insufficiency was done as shown in the subsequent section below.

### Reasons for Funds Insufficiency

Reasons for Funds Insufficiency	Frequency	Percentage (%)
Inflation	6	35
High cost of living	1	6
Timing of funds disbursement	10	59

From previous section, 17 participants, representing 71%, indicated that the funds that they had received were not enough or adequate on their livelihood options. Further enquiry was done to find out the reasons for this insufficiency, and above are the main reasons why this was so.

Ten participants attributed this to the timing of the disbursement, representing 59%. The funds were distributed during lean season in the area, a period that coincides with rainy season, whereby food prices reach their peak and it is usually in short supply in many households. A period of hunger. Therefore, respondents attributed this fact to the insufficiency of the funds, which they had mentioned above, as portions of the funds were diverted to consumption even though the bigger part was invested, but a better part went towards food purchase for survival.

Inflation, which is an increase of prices in a given period, was second cited reason for the inadequacy. Malawi for the past 2 years (2021-2023) has seen a fluctuating inflation rate, which has been relatively high, with a notable devaluation

in 2022 that has greatly affected the business environment. This has led to unstable market prices, which negatively affected investment plans especially in procurement of products and services for the beneficiary's businesses.

### Seed Capital Impact on Beneficiary Asset Portfolio

Value	Frequency	Percentage (%)
Improved	21	87.5
Still the same	1	4.167
Not sure	2	8.333

From the graphical presentation, study participants have indicated that their asset portfolio has improved (88%). This can be attributed to purchase of livestock, which counts as productive assets while at the same time regarded as investments. Beneficiaries have also made additions to their household assets, such as kitchen utensils, sleeping mats and bed, beddings, farming equipment such as hoes and irrigation equipment. Other participants have also managed to purchase bicycles for commercial and home-use.

Four percent indicated that their assets have remained the same, in a way that they have not added anything new or of significance to their assets. While 8% were not sure on whether there has been an improvement. In inference, 88% represent a positive indicator of household improvement specifically on assets.

### Daily Income before Disbursement/Investment

Daily Income (MK)	Frequency	Percentage (%)
1000-2000	11	45.833
3000-4000	2	8.333
5000-8000	2	8.333
9000-Above	4	16.667

In order to measure impact of the initiative, it is imperative to compare levels of income before receiving the seed capital and making investments. Since the highest number of beneficiaries depended on piece work (*ganyu*) for survival, their level of income was between MK1000 and MK2000 (45%), which is between US\$1 to US\$1.85, which is below the US\$2.15, a poverty line set by the World Bank (updated in September, 2022). The rest of the beneficiaries are evenly distributed between MK3000 and MK8000, while four respondents said they make MK9000 and above.



#### Daily Income after Disbursement/Investment

Daily Income (MK)	Frequency	Percentage (%)
1000-2000	3	12.5
3000-4000	8	33.333
5000-8000	10	41.667
9000-Above	3	12.5

This section provides data on current state of income flow in various respondents' households after receiving and investing their seed capital in various business ventures. There is an upward change in terms of income on daily basis. Those still under the bracket of US\$2 has dropped to 2 from previously 11, representing a downward of 12.5% from 45.5%, representing a difference of 33%. Those still under US\$2 bracket are those who invested in livestock and are yet to reap rewards on their investments, as livestock are medium to long term investment.

In the bracket of MK3000 to MK4000, which is between US\$2.7 and US\$3.7, has seen an increase by 24%, thus, from 8.3% to 33.3%, from before to after investments. This is a conceivable development since these beneficiaries made multiple investments leading to multiple streams of income that have boosted their daily income flow.

#### V. CONCLUSION

Conclusions drawn under this objective are that; there is a good general outlook substantiated by evidence from this study entails that the utilization of these graduation funds is meeting the expectations of the project. Recipients under the significance of this project on their lives and households, therefore, chances of misuses continue to be minimal or non-existent in some areas due to the understanding of the beneficiaries on this project.

The project design appears to have carefully calculated a strategic approach to the funds utilization and how best to control the expenses or investments. Collaborative approach to conducting pre-disbursement activities such as sensitization, trainings, and also during and after disbursement (business tracking, monitoring and supervisions) strengthened the core measures in ensuring no misuse or misappropriation occurs. Involvement of local structures ensures the project carries more weight and that beneficiaries understand the gravity of the project.

The evidence on the impact of the graduation project is sufficient to draw conclusions that the implementation of first phase of the project is leaving a positive mark on the lives of the beneficiaries and their communities. The investments made in various fields of business has seen a boost in the daily income status of the beneficiaries. In the process, it has built their economic resilience, which is helping them stay above the poverty threshold, whilst leading to food security and asset accumulation. There has also been social empowerment of these beneficiaries, giving them dignity and a voice on issues and community participation.

#### VI. Suggestions and Recommendations

The following suggestions and recommendations have been made after careful analysis of the findings.

- i. Timing of the funds disbursement activity. The first phase of which these study participants belong to, the funds were ill timed in disbursement as part of the tranche came during the lean period. This, if continued, it can give leeway to misuse of the funds by the beneficiaries on consumption. Therefore, careful planning has to be considered in order to stay on track in achieving the project goals and objectives.
- ii. There is also a need to establish independent Grievance Redress Mechanism Committees (GRMC), specifically for this project. Looking at the project design, the structures that are mandated to hear complaints and all issues to do with the project are not clearly defined, as the project relies on already existing structures in the areas, especially at Traditional Authority. This has negative connotations, as the structures in other Traditional Authority areas are dysfunctional, lacking proper knowledge on the project designs and handling of complaints and other issues, which can negatively affect the project. Therefore, these structures have to be established at both community, district, and national level, with clearly defined mandate and proper capacity for their operations. These structures must also focus on non-beneficiaries as well as other prospective aggrieved parties.
- iii. Full involvement of the local structures has to be promoted. Even though from the



- study it can be drawn that the local structures were involved and empowered by the implementing agency, there is need to support and encourage their participation during the project implementation. Their involvement somewhat gives an inferior presence to the participants as captured from the FGD. Therefore, there is need to actively involve them whilst creating a cordially working relationships between these structures, project staff, and the beneficiaries.
- iv. Upward adjustment of the graduation funds being received by the beneficiaries. Findings from the study proposes the need for inflation-indexed amounts or at least maintain the quotation in US Dollars, and convert the US\$300 at the immediate exchange rate. With the current economic trends, as of 2023, the amount received, which is quoted in local currency of Malawi Kwacha of 300,000, might be insufficient if maintained. The recent devaluation of 2023, and the inflation, is going to affect the buying power, and the beneficiaries might fail to fully invest their seed capital as compared to the very first beneficiaries who benefitted in the first cohort in 2022.
- v. There must be a comprehensive follow-up of beneficiaries and their investment, as soon as required. The monitoring and supervision of the beneficiaries by the local and national structures must be intensified in order not to give chance to laxity on the part of the beneficiaries in spending their funds in accordance to guidelines and instructions. These monitoring should be collaborative and at times impromptu in order to implement corrective measures if necessary and encourage those who are on track with their investments. These supervision activities should go beyond at looking the total investment made by the beneficiaries but also technically evaluate the businesses and provide the right input in order to assist recipients to achieve success and maximum profits from the investment.

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