

# Employment outcomes through Graduation programmes

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ENDING  
EXTREME POVERTY  
WHATEVER  
IT TAKES

## Introduction

Being able to earn a living and generate income, either through self- or waged- employment is generally perceived as being a necessity for survival. Graduation programmes are designed to improve people's access to, and return on, employment activities. They provide people the space, and resources, to invest in livelihood promotion – whether this be through expanding an existing employment activity or starting something new (or a mix of both). Programmes generally also focus on supporting households to move away from vulnerable forms of employment and spread risk by diversifying the ways in which they generate income – particularly important where employment is highly seasonal.

Concern has been implementing a Graduation programme in two districts (Nsanje and Mangochi) of southern Malawi since 2017. The programme, designed to address the many challenges of extreme poverty, targets 2,000 households (directly reaching 12,800 people) with a comprehensive package of support consisting of income support (MK 15,000 month for 12 months), technical and business skills training, coaching, access to financial services and a capital transfer (one off lump sum MK 96,000).

The programme fosters a community-wide approach to addressing issues that affect the whole community (e.g. climate risks and lack of financial service provision) therefore, alongside the 2,000 households reached with a comprehensive package of support, a further 6,000 households (38,400 individuals) benefit from a broader set of activities (e.g. training on climate-smart agriculture technologies, community-based saving and loan associations). The programme also takes a gender transformative approach to tackle entrenched gender attitudes and norms and is complemented by rigorous research, led by Concern and TIME (Trinity Impact Evaluation Unit) at Trinity College Dublin, which is testing the impact of the gender transformative dialogue approach with couples.

This paper looks at how Concern's Graduation programme in Malawi (2017-2021) has led to a change in the employment status of individuals; specifically the shift away from casual labour or piece work – known as *ganyu*. Data has been drawn from various sources including the 2020 midline survey, qualitative studies (QUIP) conducted in 2018 and 2020 as well as studies designed to look at the effects of Cyclone Idai in 2019 and impact of COVID-19.

## Employment opportunities in southern Malawi

In Malawi, 25% of the population are 'ultra-poor' as defined in the 2010 Malawi DHS. A contextual analysis conducted by Concern in 2016 in Mangochi and Nsanje (identified as being two of the poorest and most vulnerable districts in Malawi) confirmed the high levels of people living extreme poverty – a community self-assessment suggested that 50-60% were in this category. Extreme poverty is often characterised by a number of typical factors: livelihood strategies predominately based on agriculture and casual labour (*ganyu*), few capital assets, labour constraints, small plots of land for cultivation, few skills beyond farming, limited household resources, poor social networks and little say in community or political decisions.

The term *ganyu*, which is widely used in Malawi, describes short-term rural labour on the fields of other smallholder farmers. It is a critical poverty issue because it is the most important source of income for most households living in poverty and an important coping strategy in the lean season between food stores running out and the next harvest. However, the need to do *ganyu* to meet immediate food needs is often at conflict with households own farm production and therefore locks households into a vicious cycle of food insecurity. It is also more precarious – poorly paid, unprotected and insecure.

Not only does the graduation programme in Malawi look to support diversified livelihoods but a shift to more self-employment (and less *ganyu*) to ensure households have greater autonomy over their livelihood activities. Whilst *ganyu* remains an important safety net it should not be the main source of household income.

## Findings so far

### *The important role of social protection in accessing employment*

During the 2018 QUIP, almost all respondents reported that the programme had led to them having i) invested in or started a business; ii) stopped or reduced *ganyu*; iii) increased their average income levels and iv) increased their economic independence, with all respondents interviewed reporting an increase in cash income in the last year.

Regular and predictable income support provided each month for the first 12 months of the programme was the most cited driver for enabling households to stop or reduce casual labour *Ganyu* and start or invest in a business<sup>1</sup>. In total, participants receive MK 180,000 over 12 months (MK 15,000 per month) which increased their purchasing power and improved food security and asset acquisition. Other drivers cited for these outcomes included participating in community-based savings groups (Village Saving and Loan Associations) and receiving technical (agricultural) and business skills training. All participants positively attributed the Graduation programme to changes in income generation.

Income support was still cited as the main driver for participants being able to acquire assets, stop or reduce *ganyu* and start or invest in a business during the qualitative study undertaken in 2020. This time however, access to capital and capital transfers provided through the programme were also mentioned as driving the change behind asset acquisition and starting in businesses.

### *From casual labour to self-employment*

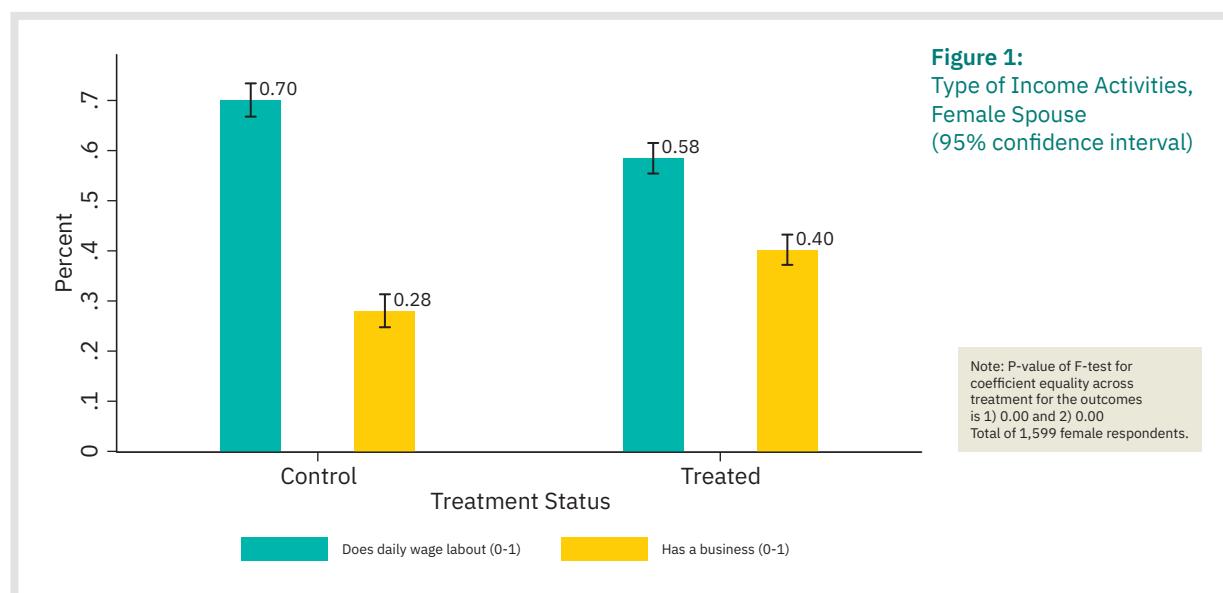
The 2020 midline looked at the likelihood of a female spouse running her own business. It found that 40% of people in this group in participating households managed a business - up from 29% at baseline. This was also considerably higher than female spouses in the control group where only 28% of female spouses managed a business. See Figure 1. The graduation programme results in increasing the likelihood of running a business by 12 percentage points for the female spouses compared to control households.

The 2020 QUIP confirmed aspirations amongst respondents to start their own business, with a preference for conducting small-scale trade (compared to farming or *ganyu*). Lack of capital was cited as being the main constraint to business development therefore income support and capital transfers received through the programme were directly attributed to helping participants to overcome this constraint and enable participants to acquire a range of household and productive assets. Engagement in community-based savings groups were also cited as helping participants overcome the constraints to business development.

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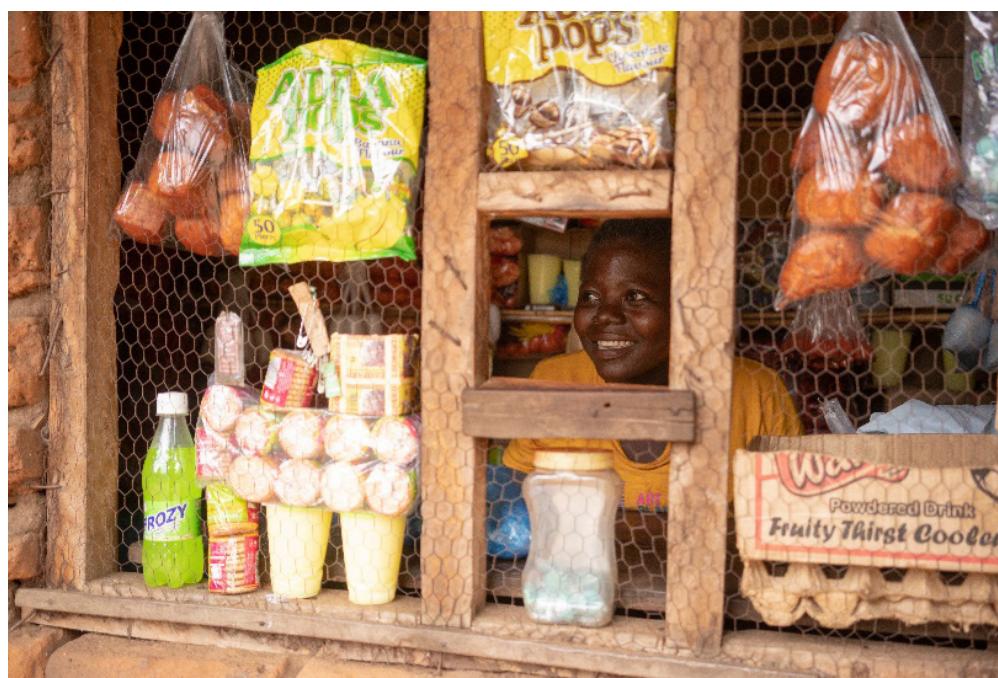
<sup>1</sup> It is also important to note that at this stage in the programme cycle, programme participants were still receiving monthly income transfers and had not yet received the capital transfer.

## EMPLOYMENT OUTCOMES THROUGH GRADUATION PROGRAMMES



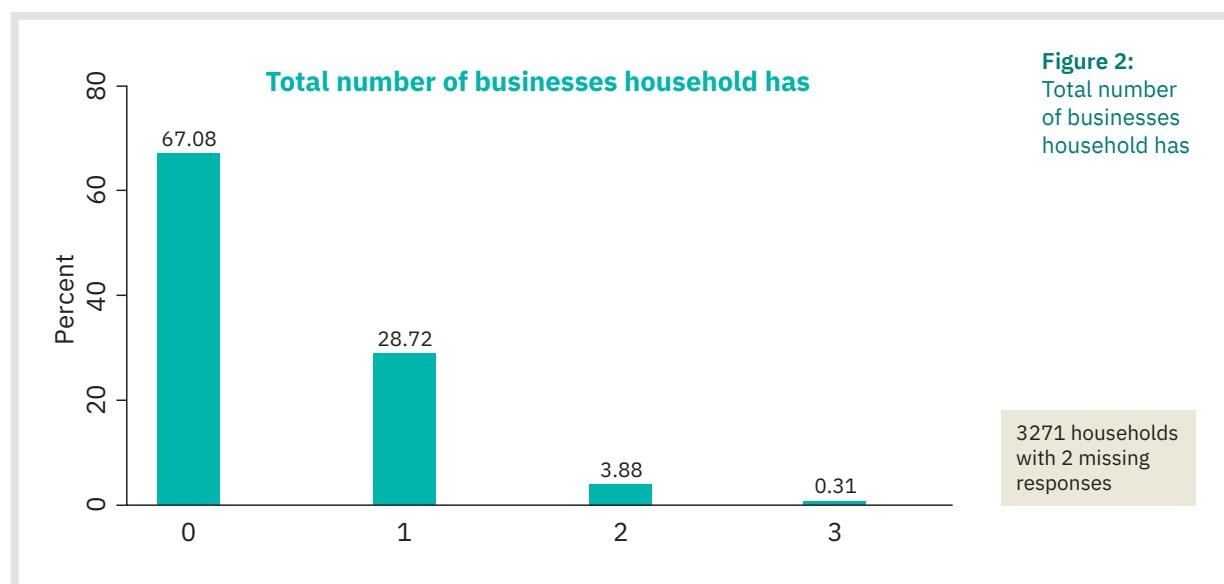
This report also found that the main sources of income for participants were small scale trading/business, farming and *ganyu*. There were no significant differences in these sources of employment between districts but they are gendered. Small scale trade is dominated by women as is the sale of farming produce whereas men focus on cultivation. Both men and women undertake *ganyu* but men will tend to be involved in more manual labour (moulding bricks) with women providing a support function (fetching water to mould the bricks). The exercise found that while the types of activities people have been involved in over the previous two years had not changed, an increasing proportion of women were able to invest in productive assets and start a business with the programme giving people more choice in how they make a living.

Reassuringly, despite the growth in women starting a business, there were no reports of increasing time constraints amongst women who are also responsible for care work in the households. The consensus being that the total time spent on both (productive and care) had not changed over the past two years.



Mary Joseph from Mpomba Village, Nsanje. © Chris Gagnon, Concern Worldwide (2021)

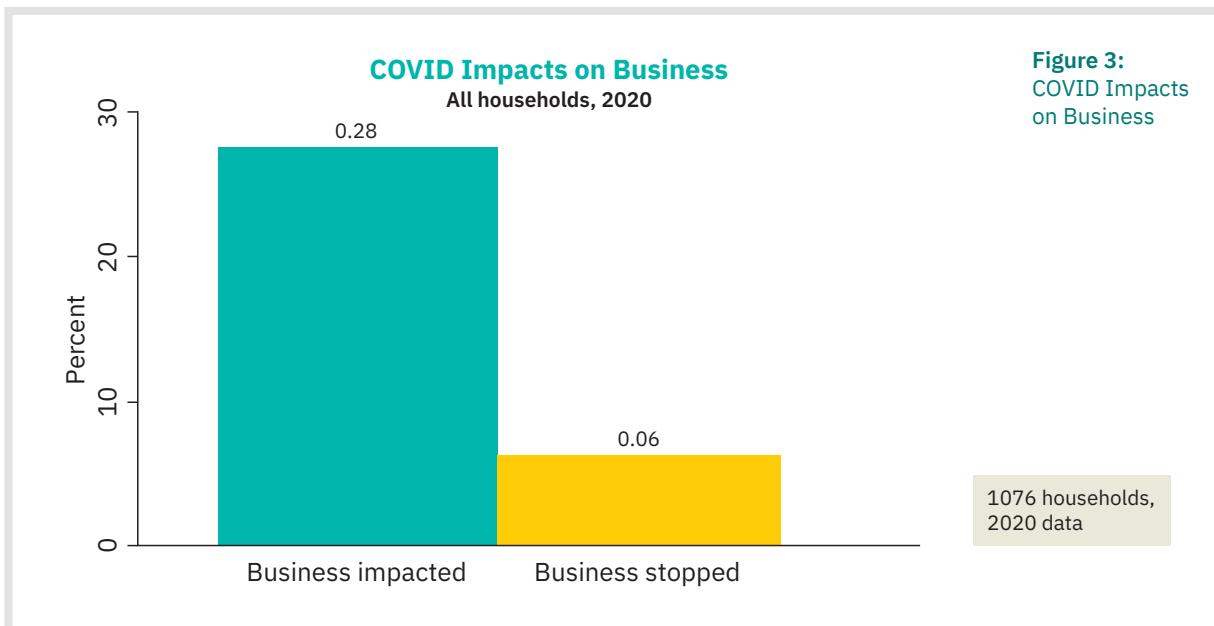
In most cases, respondents mentioned that investing in business activities had reduced their need to undertake *ganyu* and this was particularly true for women. The 2020 midline found that 58% of female spouses in participating households were engaged in *ganyu*, considerably lower than the 70% of female spouses in control households, though this does not look at how much *ganyu* was done. (Interestingly in 2018 the same figures were 55% of treated households and 61% in control household, reflecting the challenging situation in the country in the intervening years). Women report that when they have managed to stop or reduce their reliance on casual labour they felt uplifted – moving from casual labour to self-employment made them self-reliant and had improved overall household wellbeing (feeling less pressure/stress).



### *Livelihood diversification*

The Graduation programme helps households to try to diversify the ways in which they generate income to help spread risk especially given the seasonality of some activities. This means that households may engage in more than one business activity (including *ganyu*) throughout the year. In the 2019 round of data collection respondents were asked about their engagement in business activities and number of businesses they were engaged in.

Results varied by when treated households started the programme; 30% of households in treatment group 1 (who had just completed the Graduation programme and received capital transfers in 2019) reported having a business compared to 24% of households in the control group. Whereas between 46- 53% of treated households who had started the Graduation programme late 2019 (and who received their capital transfers a couple of months earlier and were in the early stages of business development) reported having a business. One of the reasons that lower numbers of households in the earlier ‘treated’ arm reported having a business could be due to the seasonality of activities, with the business not active at the point of survey, or because the activities were no longer active. Amongst all the households with a business, the majority (87%) had one business, 11.8% had two and one percent had three. See figure 2. We also find that those who had just finished the Graduation programme were more likely to have two or three (17.2% had two and 1.5% had three) when compared to the control group (here 12.4% had two and 0.6% had three).



### ***The impact of COVID-19 on employment activities***

The ability of livelihoods to be able to cope with and recover from stress and shocks is important in order to break the cycle of poverty. The 2020 QUIP found that despite a significant number of participants being able to start a business because of the programme, these were vulnerable to changes in market conditions and market disruption – as occurred in 2019 following Cyclone Idai and 2020 following the onset of COVID-19.

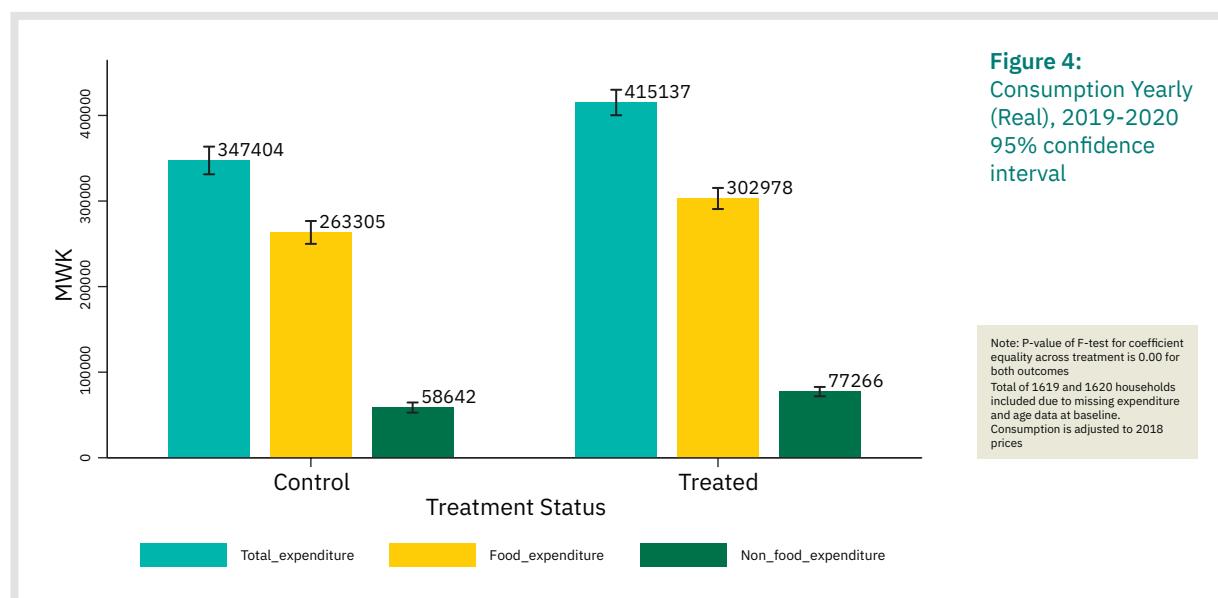
Based on data collected in 2020 figure 3 shows the impact of COVID-19 on business. Of the 1,076 households who reported having a business, 28% reported a decline in business activities, with 6% saying they had to stop their business activity altogether. Financially, the average amount lost due to business closure was MWK 26,000. There were also less opportunities for *ganyu* with 37% of those engaged reporting having lost days – with 14% identifying they had lost between one and 10 days.

The onset of COVID-19 and movement restrictions put in place to prevent transmission of the virus was cited as the main driver behind market disruptions in 2020 including limited opportunities for *ganyu* and limited imports. The cross border trade with Mozambique meant that households (particularly those in Mangochi) were unable to import goods for trading. This subsequently led to reduced demand for goods, a decline in business activities and thereafter a decline in household income.

Specific programme design features were reported to have helped to mitigate the impact of these events:

- Programme participants were encouraged to start to invest a small portion of their income support in productive activities – ironically this meant that as a result of cyclone idai programme participants reported greater financial losses (income and assets), but still had higher levels of food security and overall wellbeing compared to non-participants.
- Business skills training was reported as helping participants to improve their business practices and it was acknowledged that this help some businesses survive the effects of COVID-19 and the movement restrictions put in place to reduce transmission of the virus.

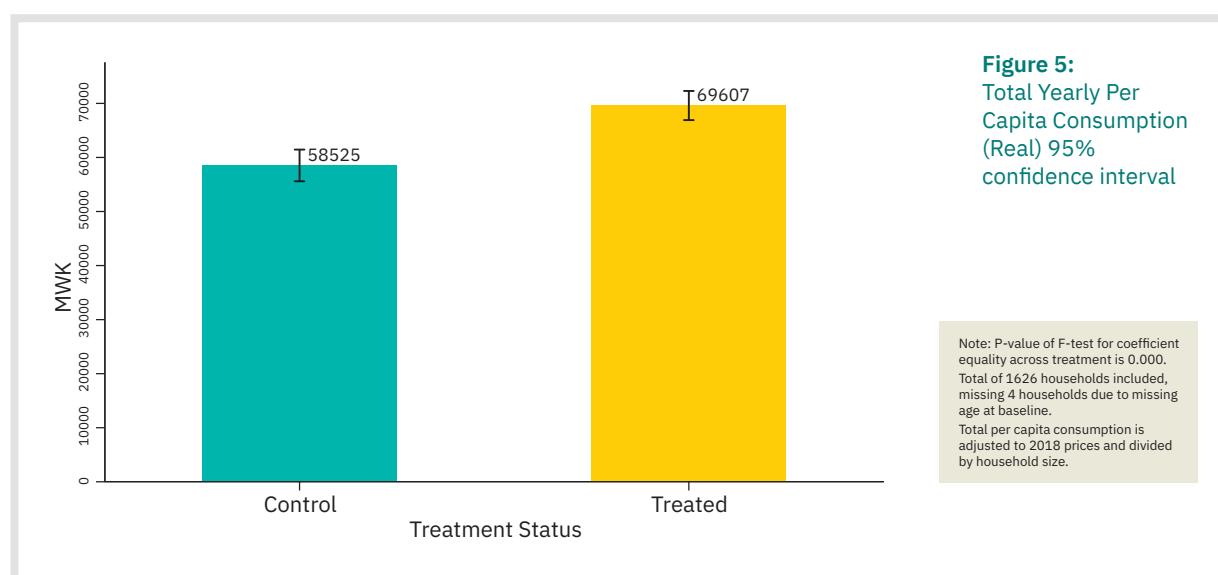
## EMPLOYMENT OUTCOMES THROUGH GRADUATION PROGRAMMES



### Income levels

It is expected that starting new, or expanding existing, business activities will improve overall household income. A good proxy for income is consumption (which we have taken as the sum of all yearly expenditures on education, illness, food, non-food and festivals). The 2020 midline examined yearly consumption per household and found that 10 months after the end of consumption support, programme participants had consumed MWK 67,333 more than those in the control group. Households reported annual consumption of MWK 415,137 (up from MWK 370,006 at baseline) compared to the mean annual consumption for households in the control households of MWK 347,404. (Figure 4, shows this for total, food and non-food expenditure). This level of expenditure is worth 19.5% of the control household's total yearly consumption.

Participating households consumed MWK 18,624 more in terms of non-food items, meaning they were able to spend MWK 77,266 on items such as cleaning, grooming, clothing, fuel and transport, compared to control households yearly spend of MWK 58,642. This is an expenditure 32% higher for participating households than amongst control households.



If we examine per capita consumption to account for household size, in Figure 6, we find that participating households report a per capita consumption of MWK 11,082 per capita higher than amongst control households (MWK 69,607 against MWK 58,525). This translates into a monthly increase of MWK 924 (1.3 USD) per capita<sup>2,3</sup>. It is also 19% higher than control households' per capita yearly consumption spend of MWK 58,525, adjusted to 2018 prices.

## Summary

The Graduation programme in Malawi has successfully managed to improve people's access to, and return on, employment activities. Helping people to move away from, or reduce their reliance on, more precarious forms of employment (*ganyu*) and increasing self-employment - where households have greater autonomy over their livelihoods.

Additionally and reassuringly, despite the increase in business activities being undertaken by female spouses, there were no reports of increasing time constraints amongst women who are also responsible for care work in the household. The consensus being that the total time spent on both (productive and care) had not changed.

However, despite successes, activities are still highly vulnerable to changes in market conditions as seen particularly since 2020 and the advent of COVID-19. This reinforces the need to help participants diversify their livelihoods and spread risk. Despite a large number of households starting or investing in new business activities, many remained engaged in some form of casual labour *ganyu*. This reinforces the argument that *ganyu* remains an important safety net. It could also be a community development strategy but this would require further investigation.

Finally, qualitative data, points to a certain degree of resilience of livelihood activities and the business skills training package in particular, was cited as helping programme participants manage changes in the market system. In the future, there would be huge value at looking at what more could be done here and in supporting participants to minimise the risks associated with market disruption.



Landen and Eliza Manjolo started a motorcycle taxi business as a part of the Graduation programme © Chris Gagnon, Concern Worldwide (2021)

<sup>2</sup>. We used exchange rate for USD in 2018, which was MWK 714= 1USD, <https://freecurrencyrates.com/en/exchange-rate-history/USD-MWK/2018>

<sup>3</sup>. To get per capita expenditure we divide total expenditure by household size. The average household size is 5.75 at follow-up.

This report is one of a series produced in November, 2021 that look at the impact of Concern's graduation programme in Malawi on (i) participant's resilience (ii) the impact of the gender transformative approach (Umodzi) being adopted (iii) employment outcomes and (iv) social impacts.

The full set is available from [chris.connolly@concern.net](mailto:chris.connolly@concern.net) or at Concern Insights page, using the following [link](#).