

HEALTH ECONOMIC EVALUATION TO INFORM MULTIPLE DECISION MAKERS

An analysis of unconditional cash transfers in Malawi

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THE NEED FOR MULTI-SECTORAL ACTIONS TO IMPROVE HEALTH

Government policies conducted outside the health sector can improve health by altering the broader conditions that influence health. These policies may rely on cooperation and collaboration across the public sector and other stakeholders.

ECONOMIC EVALUATION STAGES

1. Defining the scope of the impact inventory

What are the relevant dimensions?

Who are the individuals affected?

2. Populating the impact inventory

What are the direct effects?

What are the opportunity costs?

3. Aggregating the direct effects

What are the relative values of dimensions?

What are the relative values of individuals?

Value judgements

WHY IS ECONOMIC EVALUATION USEFUL?

Economic evaluations aim to determine whether a policy provides “value for money” and produces greater benefits than other policies could provide with the same resources.

They involve **value judgments** about what to measure and how. They also take account of **opportunity costs**, which are the benefits expected by investing resources in a different way to the policy being analysed.

Economic evaluation can provide information to draw investment to the most socially valuable policies. However, some methods for health economic evaluation speak to a single overall decision maker.

This brief covers how to generate information for a **range of Government Ministries and donors** that may work together without an overall decision maker.

We use an example analysis of the **Social Cash Transfer Programme (SCTP)** in Malawi.

 The full study is available at: <https://doi.org/10.1093/heapol/czab137> 

MTUKULA PAKHOMO - THE SOCIAL CASH TRANSFER PROGRAMME (SCTP)

SCTP is an unconditional cash transfer programme targeted to ultra-poor and labour-constrained households. It is a cross-sectoral policy, with expected impacts on poverty, production, nutrition, health and education. By 2018, it was operational in all 28 districts of Malawi. In 2021 it provides on average MK9000 per household per month. For more information about the programme visit: <https://mtukula.com/>



STEP 1: IDENTIFYING DECISION MAKERS

Who should an evaluation of the SCTP seek to inform?

- Those involved in funding the policy: **Ministry of Finance, Ministry of Gender, Ministry of Economic Planning and Development, Donors** (e.g. Global Fund)
- Those with remit for outcomes and resources impacted by the policy: **Ministry of Health, Ministry of Education**

STEP 2: DEFINING POPULATION GROUPS

Who is impacted by the SCTP?

- Households that receive the SCTP (**recipients**)
- **General population in Malawi** that would be eligible for alternative domestic investment
- **Population in other countries** that would be eligible for alternative international investment

STEP 3: ESTIMATING POLICY COSTS AND CONSEQUENCES – IMPACT MATRIX

DIRECT EFFECTS OF THE SCTP

Health and nutrition

Averts 61,000 disability-adjusted life years (DALYs), and saves MK34.5m (US\$47,000) in public healthcare treatments.

Education

Supports 15,600 primary school enrolments.

Poverty

Averts 115,800 cases of ultra-poverty.

Net production

Generates additional MK456m (US\$622,000) for the recipients, and MK9.9bn (US\$13.5m) for the general population.

OPPORTUNITY COSTS

Malawian public health system

Health system averts 1 DALY per additional US\$100 spent. Reinvested health system savings would avert 471 DALYs.

Ministry of Gender

Could have averted 1,900 DALYs and supported 280 enrolments by using funds provided to the SCTP for other policies.

Donor (Global Fund)

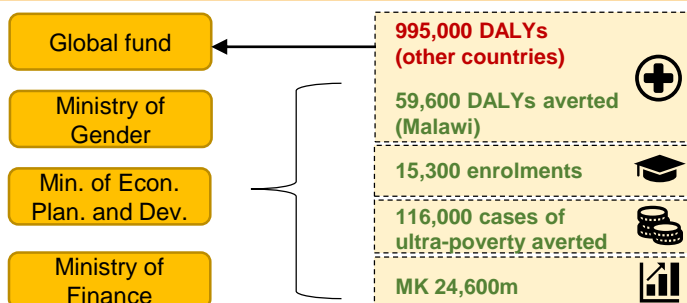
Could have averted 1m DALYs elsewhere by spending the MK14.1bn (US\$19.3m) provided to the SCTP in healthcare.

Government consumption

The SCTP costs MK276.6m (US\$377,000) in additional primary education provision. These and other SCTP costs not translated into health and education opportunity costs reduce net production.

	Education			Health			Net production			Poverty		
	Enrolments (thousands)			DALYs averted (thousands)			MK (millions)			Ultra-poverty cases averted (thousands)		
Population	Direct effect	Opp Cost	Net Benefit	Direct effect	Opp Cost	Net Benefit	Direct effect	Opp Cost	Net Benefit	Direct effect	Opp Cost	Net Benefit
SCTP recipients (Malawi)	15.6	0.01	15.6	61	0.06	61	15,400	30	15,400	116	N/A	116
General population (Malawi)		0.3	-0.3		1.4	-1.4	9,900	700	9,200		N/A	N/A
Population in other countries					1,050	-1,050						
Net Benefit (Malawi)	15.3			59.6			24,600			116		
Net Benefit (Overall)	15.3			-995			24,600			116		

STEP 4: SUMMARISING OVERALL IMPACT AND VALUE: POLICY IMPLICATIONS



Should the SCTP be funded?

Results vary from different perspectives:

- **National stakeholders:** aligned in support of the SCTP
- **Donors:** if solely interested in health, the SCTP may not offer value for money

Alternative funding:

- Results can inform negotiation about funding
- E.g., replacing donor funds with domestic support, or other Ministries contributing to the SCTP.

Expanding perspectives:

- Relative value of outcomes can inform different perspectives
- E.g. if donors take a perspective broader than health, the tipping point for overall positive value of the SCTP is 1 case of poverty averted = 8.6 DALYs averted.

Incorporating equity:

- Relative value of population groups can inform equity
- E.g. if donors value health outcomes more in poorer countries, the tipping point for overall positive value of SCTP is 1 DALY averted in Malawi = 18 DALYs elsewhere.

STRENGTHS OF THIS APPROACH TO ECONOMIC EVALUATION:

- Identifies outcomes and populations of interest to the stakeholders involved in the policy
- Brings together evidence on necessary resources and their potential alternative use
- Provides a transparent tool to support discussion among stakeholders and inform resource allocation