

# Cash for Loss and Damage Case Study: Executive Summary

November 2024

In 2023, **GiveDirectly and the Scottish Government sent cash transfers to survivors of Tropical Cyclone Freddy** to address the losses and damages they had experienced. They provided \$766 to 2676 households in Nsanje District in southern Malawi who had relocated to higher ground following the cyclone.

This case study presents the **key impacts, successes, challenges and lessons learned** from the project. It synthesizes quantitative and qualitative data from recipients, as well as interviews with key internal and external stakeholders. It shows that large, unrestricted and direct cash transfers are a uniquely effective, flexible and community-led tool for addressing loss and damage. It aims to [support Governments, donors, the Fund for Responding to Loss and Damage \(FRLD\) and other actors to scale and replicate this approach, making cash a central tool for addressing loss and damage.](#)

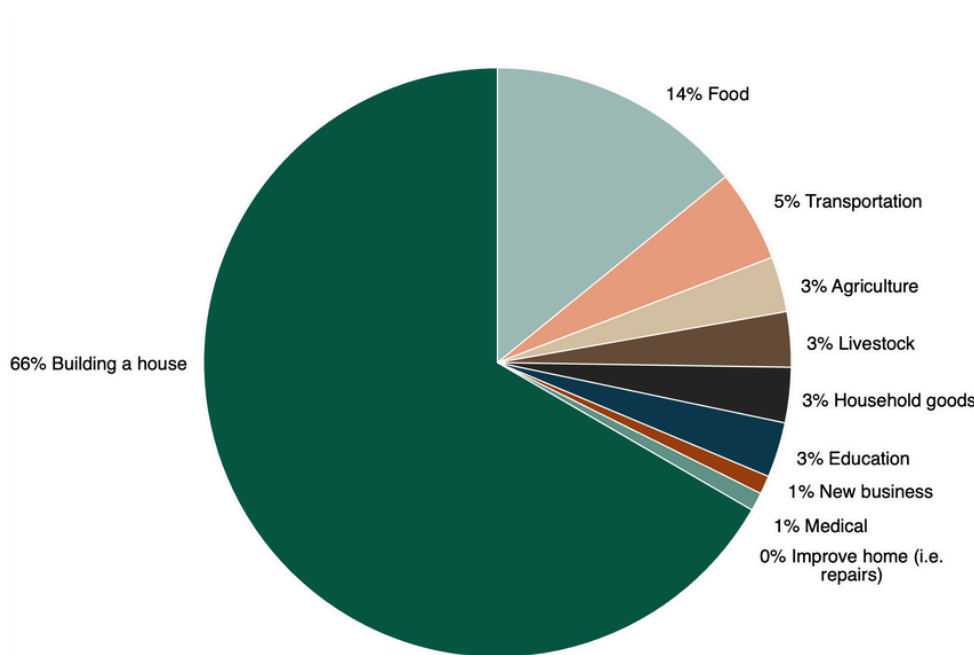
People **used the transfers to meet their basic needs, construct houses and recover assets and livelihoods**. They appreciated the freedom and flexibility to spend the money as they chose, given the highly individualized impacts of loss and damage. The use of cash through local markets created economic spillover effects that benefitted local communities<sup>1</sup> and eased inter-communal tensions. 80% of the total project budget was delivered directly to recipients as cash transfers.

- **Basic needs:** With almost all recipients spending some of their transfer on food, overall food consumption increased: people ate 14% more meals per day and fewer people reported going hungry.
- **Reconstruction:** 89% of recipients spent money on building homes, which most identified as the best thing they had invested in. Some reported that houses were made of higher quality materials and were more resilient compared to their homes before the cyclone.
- **Recovery:** Recipients bought livestock, agricultural inputs and started new businesses. After the transfer, more people had savings (200% relative increase), more children were attending school (21% relative increase), and more households owned livestock (145% relative increase).

---

<sup>1</sup> In other contexts, researchers have [quantified](#) GiveDirectly's **economic multiplier effect at 2.5x**, meaning that every \$1 of cash we deliver generated \$2.50 in additional spending or income for the larger economy.

Figure 1: Estimated average spending of transfer received by category.<sup>2</sup>



However, people had suffered massive losses, and **even with the relatively large transfer size, they faced difficult tradeoffs between meeting immediate needs and investing in reconstruction and recovery.** Government officials say while they see significant transformation since the transfers were received, people’s living standards have not yet reached pre-cyclone levels. At the time of data collection people were transitioning from casual labor to establishing new farms and businesses, meaning that income levels were temporarily reduced.

Key learnings from the project included: (i) **Large cash transfers are a highly effective way to address loss and damage,** appreciated by recipients for their flexibility and impact. (ii) Recipients faced difficult tradeoffs, indicating that **larger transfers may have a more durable impact.** (iii) Livelihood support and other **complementary investments could further amplify the impact of transfers.**

This project demonstrated that large, unrestricted cash is an effective, efficient and community-led way of providing loss and damage support. We call on governments, donors and civil society to replicate and scale this approach, recognising direct cash as a central tool for addressing loss and damage.

<sup>2</sup> This should be taken as an approximation only as GiveDirectly say people struggled to break down their spending with precision and often omitted smaller expenditures.