



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 16-Nov-2022 | Report No: PIDA35098

**BASIC INFORMATION****A. Basic Project Data**

Country Malawi	Project ID P180152	Project Name Malawi Social Support for Resilient Livelihoods Project Second Additional Financing	Parent Project ID (if any) P169198
Parent Project Name Social Support for Resilient Livelihoods Project	Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 10-Nov-2022	Estimated Board Date 20-Dec-2022
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) The Republic of Malawi	Implementing Agency Malawi National Local Government Finance Committee

Proposed Development Objective(s) Parent

The objectives of the Project are to improve resilience among the poor and vulnerable population and to strengthen the national platform for safety nets in the Republic of Malawi.

Components

Improving Social and Economic Inclusion
Strengthening Harmonized Delivery Systems
Capacity Building and Institutional Strengthening Support
Contingent Emergency Response

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	160.56
Total Financing	160.56
of which IBRD/IDA	110.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**



International Development Association (IDA)	110.00
IDA Grant	110.00
Non-World Bank Group Financing	
Trust Funds	50.56
Miscellaneous 1	50.56
Environmental and Social Risk Classification	
Moderate	

Other Decision (as needed)

B. Introduction and Context

Country Context

Malawi is one of the most structurally vulnerable countries in the world and currently faces multiple overlapping and interrelated shocks that are expected to drive crisis levels of food insecurity in 2022 and 2023. COVID-19, a record short rainy season, tropical storms Ana and Gombe, and the fertilizer and fuel price shocks caused by the war in Ukraine are all exacerbating already high levels of inflation and acute macro-fiscal and debt imbalances that have built up over years. High population growth and environmental degradation increases Malawi’s susceptibility to large-scale weather shocks over time. In several rounds of high-level dialogue, the Government of Malawi (GoM) has requested the World Bank to mobilize short term support with a view to mitigating the impact of a major imminent food security and socio-economic crisis. Forex shortages are compounding the situation leading to shortages of fuel, fertilizer and essential medicines that are likely to worsen in the coming months. Malawi also faces additional uncertainties due to complex negotiations with creditors.

Sectoral and Institutional Context

There has been a marked improvement in the performance of social safety nets over time in Malawi, which provides a strong economic rationale for future investment. Overall, there has been an improvement in targeting performance for safety net programs in relation to the poor in recent years. Incidence of social safety net beneficiaries from the poorest quintile has increased steadily over time. While in 2010/11, 19.4 percent of beneficiaries of social safety net programs belonged to the poorest quintile, in 2013, it was 21.5 percent, and in 2016/17, it was 27 percent. The Social Cash Transfer Program (SCTP) has one of the highest incidences of beneficiaries who are extremely poor at 38.4 percent, with almost 70 percent of beneficiaries considered poor. The Malawi Social Action Fund’s public works program (MASAF PWP) was less pro-poor than most programs as only 54.5 percent of its beneficiaries were poor or extremely poor. Recent innovations in data collection under the Unified Beneficiary Registry (UBR) are being leveraged for more effective targeting and supporting the efficient delivery of additional benefits and services.

Structural reform efforts have further highlighted the effectiveness of safety nets in Malawi in relation to other poverty interventions. Malawi’s safety net coverage is noticeably lower than that of its other priority poverty reduction and relief



programs. In 2016, the Farm Inputs Subsidy Program (FISP, in 2020 restructured into the Affordable Inputs Program, or AIP) and humanitarian aid (food security and nutrition) coverage reached 37 percent and 33 percent of the population, respectively, with an equivalent expenditure of 1 percent and 6 percent of GDP. By contrast, the targeting performance in these areas show a fluctuating trend. Between 2010 and 2013, the share of beneficiaries belonging to the poorest quintile dropped but picked up in 2016. However, targeting performance of the FISP in 2016 was poorer than that in 2010. With the caveat that humanitarian assistance, the FISP, and safety net programs have slightly different objectives and hence targeting objectives, it is worth noting that both humanitarian assistance and the FISP do not perform as well as safety nets in terms of targeting the poorest households. Finally, there is a marked difference in the cost of delivering safety net versus humanitarian programs. Close to 35 percent of humanitarian expenditures in 2015–2016 was allocated to administrative costs, compared to an average (weighted) administrative cost of 14 percent for safety net programs.

Malawi’s core SSNs are becoming more responsive to shocks, thus playing a critical role in supporting poor households in managing risk and accessing opportunities. Still, the limited mix and coverage of individual social safety net interventions in Malawi is a gap that needs attention, balanced with financing needs. Currently, the SCTP reaches 7 percent of the population against an extreme poor population equivalent to 20.5 percent, while public works has been downscaled significantly, from a peak of covering over 16 percent of the population in 2016 to covering less than one percent of total population with the pilot Climate Smart-Enhanced Public works Program (CS-EPWP) in 2022. However, the planned significant expansion of CS-EPWP from end 2022 covering 435,000 poor households with labor capacity (or slightly over 10 percent of the total population as discussed above), provides an opportunity to expand social protection coverage in Malawi. A School Meals Program (SMP) covers 12.6 percent of the child population in Malawi as of 2019, making it the largest safety net, despite its focus on children and in-kind delivery of benefits. Currently, apart from SMP, no individual program covers more than 8 percent of the population. In this regard, SCTP retargeting and planned scale up of CS-EPWP offer an opportunity to address the coverage gaps, especially for interventions that target poor households in their totality (and not subsets or categories of poor household members). Furthermore, a strong complementarity between SCTP as the anchor SSN and other SSN instruments is paramount to a full realization of a balanced and cost-effective mix of social protection interventions that can effectively support resilience building among poor populations. However, the limited domestic financing for Malawi’s social protection system is a fundamental challenge that also needs to be addressed alongside program mix and coverage needs.

Benefit levels for Malawi’s cash based social safety net instruments have nominally increased over time but are still deemed low, only representing an average of 4.8 percent of total welfare/ income for eligible households. Although this is relatively small, it nonetheless represents an increase of 2.8 percentage points between 2013 and 2017. The narrative is even more encouraging when the analysis delves into individual programs and disaggregates for extreme poor households which are the de-facto focus groups for the SCTP and CS-EPWP. Average benefit levels for SCTP and CS-EPWP beneficiaries are MWK9,000 (US\$ 11) and MWK10,800 (US\$13.20) per household per month respectively. For example, with these benefit levels the SCTP represents 18.4 percent and 9.2 percent of the welfare of extremely poor and poor people, respectively. However, despite SSN benefits being modest, robust evidence demonstrates a positive impact in smoothing consumption and building resilience of the poorest households. In a review of 55 impact evaluations for 27 social safety net programs in 14 African countries, Malawi’s SCTP demonstrated the strongest outcomes in measures related to equity, resilience, and long-term opportunities. The SCTP contributed to building human capital through increased primary school attendance, with 23 percent increase in food consumption and health treatment-seeking behavior among beneficiaries. In addition, it helped households build resilience to economic shocks through enhanced investments in productive assets, specifically livestock holdings, durable assets, and fertilizer.



C. Proposed Development Objective(s)

Original PDO

The objectives of the Project are to improve resilience among the poor and vulnerable population and to strengthen the national platform for safety nets in the Republic of Malawi.

Current PDO

The PDO remains unchanged.

Key Results

The key project development indicators from the Parent project are:

(a) To improve resilience among the poor and vulnerable population

- Direct Project Beneficiaries (number) [new];
- Proportion of Social Cash Transfers project beneficiary households with an improved food consumption score¹ (percentage) of which female-headed households (percentage);
- Eligible project beneficiary households with ongoing income generating investments one year after receipt of the livelihood support package (percentage) of which female (percentage);
- Beneficiaries of the CRW-ERF Cash Transfer program (number) [NEW]

(b) To strengthen the national platform for safety nets

- National social registry platform is institutionalized;
- Disaster risk financing mechanism is established for scalable Social Cash Transfers.

The Project Results Framework (RF) will be updated to reflect: (i) changes in existing indicators and revised targets, (ii) new indicators, and (iii) changes in beneficiary population size. The existing core Project Development Indicators (PDIs), and corresponding Intermediate Results Indicators (IRIs), on direct project beneficiaries will be revised to reflect the increased scope and coverage of the project, and the PDI 'Beneficiaries of the Emergency Cash Transfer program' (disaggregated by gender) will be added. The target for the PDI 'Proportion of Social Cash Transfers Project Beneficiary Households with an Improved Food Consumption Score' will be adjusted to equal the baseline – under a situation of overlapping crises, the project will continue to focus on food security, but the focus would be on maintaining the existing levels, rather than on reaching higher levels (which were an ambition under the expectations of a stable implementation environment).

D. Project Description

Activities under the SSRLP are structured into four mutually reinforcing components, and AF2 will scale up components 1, 2 and 3:

- Component 1: Improving Social and Economic Inclusion
- Component 2: Strengthening Harmonized Delivery Systems
- Component 3: Capacity Building and Institutional Strengthening Support
- Component 4: Contingent Emergency Response

As an unprecedented 3.8 million people are facing acute food insecurity,² SSRLP's AF2 provides an opportunity for timely and wider coverage of shock-responsive safety nets to more affected people and for longer periods of time than during the regular programs. AF2 will channel into SSRLP an estimated US\$160.56 million from two financing sources.

¹ http://documents.wfp.org/stellent/groups/public/documents/manual_guide_proced/wfp197216.pdf.

² <https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155839/>



IDA is allocating an additional US\$110 million equivalent (US\$50 million from the CRW-ERF and US\$60 million IDA) to scale up emergency cash transfers vertically and horizontally in the context of Malawi's urgent food security crisis, expand CS-EPWP, and strengthen systems. In addition, AF2 incorporates an estimated US\$50.56 million from a new stand-alone co-financing Multi-Donor Trust Fund (MDTF, TFP#2516). These funds would add to the ready-to-scale-up SSRLP portfolio of shock responsive safety net programs, thereby minimizing implementation inefficiencies to urgently strengthen national and sub-national government capacity to provide rapid and timely responses to vulnerable Malawians affected by the present and future crises.

The proposed AF2 will be structured to co-finance and scale-up existing components and activities of SSRLP in line with the GoM's strategic vision for an integrated social protection program. The focus across these activities will take into consideration evolving discussions and emerging priorities from: (i) reviews of both national social support policy and the MNSSP II, (ii) development of the SCTP strategic plan, and (iii) GoM's vision for an integrated social protection program. This includes redefinition of safety net programs' coverage thresholds, changes to beneficiary targeting approaches, strengthened harmonized delivery systems, and redefining adequacy of safety net benefit levels and complementary shock responsive approaches.

The proposed AF2 builds on SCTP (part of Component 1) – the program that had demonstrated some of the strongest outcomes in measures related to equity, resilience, and long-term opportunities. The emergency nature of the project is well reflected in the increased targets for the emergency SCTP. The increase is from 126,000 to 300,000 for the rural emergency cash transfer program where IDA will support vertical expansion of the nation-wide SCTP caseload, demonstrating IDA's commitment to support further harmonization offinancing the sector. For the urban part, the AF2 increases beneficiary numbers from 74,150 to 179,150, where the project will target 105,000 new urban SCTP beneficiaries with emergency support.

CS-EPWP will also be scaled up (part of Component 1). The proposed AF2 will add 85,000 new beneficiaries for a period of two years, with a possibility of extending the implementation duration from six months per year to eight months per year as a crisis response measure. Financing will include wages for the CS-EPWP beneficiaries in targeted districts, supporting: (i) investments in the operational systems and procedures to ensure strong fiduciary oversight of the funds, including strengthening financial management and payment systems for predictable and accountable transfers, (ii) funding for critical inputs, materials, and supporting systems, (iii) operational costs, and (iv) funding for staff or technical consultants and training

The project will also finance the important livelihoods activities (part of Component 1). Close to ten percent of the available financing under the proposed AF2 would be channeled towards scaling-up livelihoods support and livelihood restoration activities to expand a productive inclusion model aimed at diversifying livelihoods opportunities to an additional 120,000 beneficiary households of the SCTP and EPWP. In addition, AF2 will build on the CUCI lessons to scale-up economic inclusion programming that combines emergency cash transfers payments and livelihood restoration interventions for both rural and urban poor households. This also includes provision of support to women and youth focused vulnerable groups for both farm and off-farm group income-generating activities and access to financial services and Saving Loan Groups (SLG) for better integration with market opportunities. The AF2 will also scale-up mobilization of social safety nets beneficiaries including training on basic entrepreneurial, financial management, mindset change, and mentoring to beneficiaries, together with investments in operational systems, evidence generation, operational and staff costs.

AF2 would also expand flexible contingency through the Scalable Safety Nets (part of Component 1) and strengthen harmonized delivery systems (Component 2). Component 3 will receive more support for capacity building, institutional strengthening, and improved project management.



At the request of government and the development partners, the proposed AF2 will also introduce an MDTF as a harmonized financing model for social safety nets in Malawi to address existing fragmentation of social protection financing and develop constructive partnerships for achieving common developmental goals. A World Bank MDTF builds on close to three decades of World Bank experience in supporting Malawi’s social protection implementation and reforms, to expand scope and reach of core programs (SCTP, EPWP, livelihoods and scalable safety nets) and strengthen the quality of delivery. The project would also promote aid effectiveness by helping to streamline development partners’ (DP’s) financial support to the social protection agenda in Malawi and contribute to the knowledge agenda in the sector by developing analytical products as well as technical advisory services for clients.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	
Projects in Disputed Areas OP 7.60	

Summary of Assessment of Environmental and Social Risks and Impacts

Environmental Risk Rating is Moderate. The project is not expected to generate significant adverse environmental impacts or substantial risks on the environment. Likely impacts are expected to be reversible, low in magnitude and localized, provided ESMPs are appropriately developed and implemented. Public works subprojects are expected to target reforestation activities and also include soil and water conservation activities to reduce runoff and reduce erosion, and maintenance of erosion of rural road sand pathways including drainage channels. Public works activities are also going to take place in urban areas of the 4 cities. However, all these rehabilitation activities would be small community-selected subprojects and would not involve the construction and building of new infrastructure, but would focus on the maintenance of existing structures and protection of natural resources, reduced runoff and erosion mitigation, and the rehabilitation of small assets linked to the management of the respective catchments. The project is classified as Moderate risk from an environmental perspective and as defined under the Bank's Environmental and Social Framework (ESF) due to the nature of the proposed works and associated environmental risks, and the capacity of the client in the understanding and application of Bank's ESF, and relevant Standards. Additional capacity to oversee safeguard instruments development and implementation is required, and effective monitoring could positively contribute to other National environmental targets.

Social Risk Rating is also Moderate. Overall, this operation is expected to generate positive results for poor and vulnerable populations in Malawi through the SCTP, CS-EPWP and livelihoods support that will improve their household income and wellbeing . The primary focus will be on climate smart enhanced public works, with subprojects that are small in scope, ranging from 500 to 10,000 US\$, of which 80 percent are wages and 20 percent are inputs or materials for the relevant public works, designed to provide temporary employment to poor households with labor capabilities. The public works include subprojects focusing on rehabilitation and maintenance of rural access roads linking micro-catchments with villages, afforestation, reforestation, soil and water conservation, including construction of infiltration pits, storm drains, soak pits and planting basins, which will take place in beneficiary communities across the 28 districts nationwide. Similarly, rehabilitation and maintenance of access roads and related public infrastructure will be carried out in urban areas of the 4 cities of Malawi. These activities, however, are small and will involve minor civil works and associated activities which have the potential to cause construction related health and safety concerns for both community laborers/workers and



surrounding local communities or the public. However, investments under the original project and current operations are guided by the social registry-Unified Beneficiary Registry (UBR) and management information systems that provide a strong mitigation platform towards better and objective targeting of beneficiaries across the core programs, together with institutionalized structures, are assisting in dealing with issues of elite capture and favoritism in the selection of beneficiaries and running of the program. Therefore, in general the social risk is moderate because the nature of the interventions and the footprint of such small community infrastructures is considered localized with impacts that are site specific, reversible and/or manageable. The injection of cash into poor rural and urban households and communities does impact household and community relations and the evidence to date under the program suggests that such multiplier effects are in fact strong and positive and generate important economic investments for beneficiaries and non-beneficiaries alike. Potentially, the transfer of cash could have negative effects including exacerbating intra household tensions and increasing the risk of gender-based violence (GBV) and abandonment. However, the operational evidence under the existing program on this is weak, nonetheless, the GBV risk assessment tool has been applied to the project in accordance with the World Bank’s Good Practice Note.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating is Low. Project is rated low because the activities of the project will mainly involve the population within a project area; as such, they will not induce any labor influx. However, subproject ESMPs may include GBV/SEA/SH mitigation measures as and when applicable. In addition, since all localities will have GRMs, these will be properly equipped so that they can adequately handle any GBV/SEA cases that may arise.

E. Implementation

Institutional and Implementation Arrangements

The implementation arrangements for AF2 are preserving the arrangements for the parent project and AF1, adding further institutional strengthening to the already strengthened institutional support undertaken under AF1. The increased coverage of the EPWP under AF1 and the proposed AF2 require even stronger implementation capacity from the implementing agency – the National Local Government Finance Committee (NLGFC) – and the districts. Therefore, the needs of the NLGFC to properly implement the scaled-up project have been assessed, and appropriate staffing and capacity-building will be ensured within the framework of the project.

The Project Implementation Manual (PIM) will be updated to reflect the changes introduced through the AF2. The PIM already set up the technical criteria for the scaled up EPWP and the procedures that would ensure the project facilitates the AIP reform while at the same time it maintains the technical integrity of the EPWP and the other core programs.

CONTACT POINT

World Bank

Chipo Msowoya
Senior Social Protection Specialist

Ivan Drabek
Sr Social Protection Specialist



Borrower/Client/Recipient

The Republic of Malawi
MacDonald Mafuta Mwale
Secretary to the Treasury
mmwale@finance.gov.mw

Implementing Agencies

Malawi National Local Government Finance Committee
Kondwani Santhe
Executive Director
ksanthe@nlgfc.gov.mw

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Chipo Msowoya Ivan Drabek
----------------------	------------------------------

Approved By

Practice Manager/Manager:		
Country Director:	Hugh Riddell	16-Nov-2022