



## **STUDY REPORT**

# **TOWARDS A SHOCK SENSITIVE SOCIAL PROTECTION SYSTEM FOR MALAWI**

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The study has been produced by



**Climate  
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The views expressed in the report are those of the authors and do not necessarily represent the view of the Government of Malawi or any of the supporting partners.

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# FOREWORD

Malawi's economy is highly dependent on agriculture, particularly rain-fed agriculture, with smallholder farmers making up about 80% of employment in the country. These smallholder farmers are highly vulnerable to climate variability, as well as to macroeconomic instability, price shocks, and the persistent currency inflation and devaluation. Due in part to the effects of chronic poverty and vulnerability linked to climate variability, which is driving natural hazards like floods and droughts, Malawi is increasingly turning into a shock-prone country.

These factors have driven up the impact of shocks, contributing to a rise in the need for humanitarian assistance in recent years. In the last two years, Malawi has faced historic flooding (in 2015) and the strongest El Niño in 25 years (in 2016). The effects of these successive and compounding events have resulted in two consecutive poor harvests. With limited time, resources, and capacity to anticipate and recover between shocks, Malawi went from needing 8% humanitarian food/cash assistance during the 2014/15 lean season, to 18% in 2015/16, peaking at 40% of the population (6.7 million people) during the 2016/17 lean season – the highest in the southern Africa region and in Malawi's history. Looking back, in the last ten years, the Government and its partners have in fact been providing small humanitarian responses every year, even in the absence of major shocks or when the country registers a food surplus, because chronic issues pertaining to food and nutrition security, food systems and poverty prevail.

To address these issues, the Government of Malawi has been driving a strategic discussion with key stakeholders on how to learn from these experiences, with a focus on strengthening and linking social protection and humanitarian systems to make them more 'shock-sensitive'. This thinking allows social protection and humanitarian sectors to work together along the resilience spectrum – from prevention to preparedness, response, recovery and long-term development. The objective is to enhance the capacity of individuals, communities and national systems to become more resilient, foster wellbeing, and break the cycle of hunger and humanitarian crises in Malawi.

This study, undertaken by the Overseas Development Institute (ODI) and the Red Cross Red Crescent Climate Centre (RCRCCC), was commissioned to offer concrete ways to take forward shock-sensitive social protection in Malawi. Led by the Government and supported by German Cooperation/GIZ, the World Bank Group, and World Food Programme (WFP), it looks at how social protection and humanitarian work can be implemented to provide predictable support to the most vulnerable, including in the face of shocks. The concept of shock-sensitive social protection has become a national priority in Malawi, and is reflected in the new Malawi Growth and Development Strategy III, the Malawi National Social Support Programme (MNSSP II), the National Resilience Strategy, and the Joint Emergency Food Aid Programme (JEFAP) Guidelines. This study supports these processes. As a concept, it proposes alternatives that can be further contextualized and refined in practice by the Government and its partners and provides case studies from within the country, regionally and globally. Partnerships are key to developing resilience and we welcome the support of our development partners as we continue to define the shock-sensitive social protection agenda for Malawi.

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We also note that sections 1 and 3, and section 7 of this report include original contributions from Meghan Bailey and Richard Poulter, respectively.

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# ACRONYMS

ARC	Africa Risk Capacity
CAT-DDO	Catastrophe Deferred Drawdown Option
CBCC	Community-based childcare centres
CBO	Community-based organisation
COMSIP	Community Savings and Investment Promotion
CSSC	Community Social Support Committee
DC	District Council
DCCMS	Department for Climate Change and Meteorological Service
DFID	Department for International Development, UK
DoDMA	Department of Disaster Management Affairs
DRF	Disaster Risk Financing
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
DSPS	Directorate for Social Protection Services
DSSC	District Social Support Committee
ENSO	<i>El Niño</i> Southern Oscillation
EP&D	Economic Planning and Development (Department of)
EU	European Union
EWS	Early Warning System
FEWSNET	Famine Early Warning System Network
FFA	Food Assistance for Assets
FISP	Farm Input Subsidy Programme
GCF	Green Climate Fund
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoM	Government of Malawi
GPS	Global positioning system
HRC	Humanitarian Response Committee
HSNP	Hunger Safety Net Programme
IFA	Inputs for Assets
INGO	International non-governmental organisation
JEFAP	Joint Emergency Food Assistance Programme
LDF	Local Development Fund

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M&E	Monitoring and evaluation
MASAF	Malawi Social Action Fund
MDERP	Malawi Drought Emergency Recovery Programme
MEL	Monitoring, evaluation and learning
MF	Microfinance
MFERP	Malawi Flood Emergency Recovery Programme
MFI	Microfinance institution
MGDS	Malawi Growth and Development Strategy
MIS	Management Information System
MNSSP	Malawi National Social Support Programme
MoFEPD	Ministry of Finance, Economic Planning and Development
MoGCDSW	Ministry of Gender, Children, Disability and Social Welfare
MVAC	Malawi Vulnerability Assessment Committee
NAP	National Agriculture Policy
NAPA	National Adaptation Programme of Action
NCCMP	National Climate Change Management Policy
NDC	National Determined Contributions
NDRMC	National Disaster Risk Management Committee
NGO	Non-governmental organisation
NRP	National Resilience Plan
NSSP	National Social Support Policy
NUSAF	Northern Uganda Social Action Fund
ODI	Overseas Development Institute
PMT	Proxy Means Test
PRSP	Poverty Reduction and Social Protection
PSNP	Productive Safety Net Programme
PWP	Public Works Programme
R4	Rural Resilience Initiative
RBM	Reserve Bank of Malawi
SC	Save the Children
SCTP	Social cash transfer programme
SMP	School Meals Programme
SOP	Standard operating procedure
SSF	Social Support Fund
TA	Traditional Authority
TST	Technical Support Team
UBR	Unified Beneficiary Registry

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UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
UP	United Purpose
USAID	United States Agency for International Development
VCPC	Village Civil Protection Committee
VSLs	Village Savings and Loans
WFP	World Food Programme

## ADDITIONAL NOTES

Conversion of Malawian Kwacha (MKW) to United States Dollars (US\$): US\$1 = MKW 726.779 (as of July 2017).

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# EXECUTIVE SUMMARY

This report assesses the potential for strengthening ‘shock-sensitive’ social protection in Malawi. Bringing together recent experiences and knowledge, it analyses the ways in which existing social protection system components can more effectively prepare for and address the impacts of events that result in humanitarian emergency response. It provides clear options and recommendations for a more shock-sensitive social protection approach in Malawi.

The report focuses on the following social protection system components:

- the policy and institutional framework
- social protection programme design and implementation
- social protection systems (data, information systems and targeting, delivery systems and early warning systems)
- financing arrangements.

## Key messages

Malawi faces recurrent cyclical crises that prevent long-term poverty reduction. The causes of these crises are complex and diverse. On one hand, the country’s high exposure to climate risks – primarily arising from hazards such as dry spells, drought and flooding – results in frequent shocks and emergencies. However, this problem is compounded by underlying household vulnerability tied to food insecurity and seasonal patterns of production and consumption that exacerbate the impacts of large, covariate shocks. Hence, a significant proportion of Malawi’s humanitarian needs originate from largely predictable patterns, including normal seasonal variations in weather.

Although investment in social protection has increased significantly over the last decade – largely driven by donor funding – and certain programmes are showing important impacts on poverty and food security, the current social protection approach *as a whole* does not yet sufficiently achieve its core goals of reducing household vulnerability to poverty and food insecurity, and increasing resilience and livelihoods at scale. While it is important to recognise that social protection alone cannot address all the factors that create food insecurity and emergencies in Malawi, the effectiveness of social protection could be improved to minimise the impact of seasonal exposure as well as of large shocks to households.

A particular weakness is that the current social protection approach does not adequately address the predictable seasonal nature of needs and food insecurity, which can be exacerbated by climate stressors. There is, however, positive progress in this area – for example, positive impacts of the Social cash transfer programme (SCTP) and school meals programmes (SMPs) during the lean season. The system, as a whole though, does not take into account the additional needs that arise from seasonal stressors.

Moreover, while there are emerging linkages between social protection and the emergency systems that demonstrate important positive progress towards a more harmonised approach to addressing crises, there is not yet a consistent and coherent approach to responding to more moderate or extreme shocks caused by climate-related hazards and stressors. This is not surprising, given social protection capacity and systems constraints to delivering regular social protection and achieving core objectives, but recent innovations and coordination between social protection and emergency actors demonstrate that more can be done in this area.

Thus, in the context of the Second Malawi National Social Support Programme (MNSSP II), there is an opportunity to strengthen the capacity of the social protection sector to address seasonal and acute variations in wellbeing.

## Towards a shock-sensitive social protection system in Malawi



A shock-sensitive social protection system in Malawi should reduce poverty and food insecurity; meet the chronic and seasonal needs of the poorest; build resilience to shocks and climate change; and support early, efficient and effective emergency action when needed. Such a system would prioritise core social protection objectives, while also ensuring that any progress made is protected from predictable seasonal food insecurity and from frequent shocks. While social protection can never fully replace emergency response capacity, a successful shock-sensitive social protection system would, over time, reduce the need for year-on-year emergency response and reduce the scale of emergency responses that are needed.

In Malawi, a social protection system that is shock-sensitive must deal with the impacts of a range of climate-related events that affect poor and food-insecure households. As such, it must recognise that, even in the absence of large shocks, these households are dependent on weather for their subsistence, and address climate risks that occur with varying degrees of frequency and predictability, such as the following scenarios. Each scenario has different programming implications.

- *Seasonality:*
  - a) *Seasonal variability* is influenced by the agricultural calendar, and affects households' livelihoods (including income, expenditure and workload), food security, nutrition, health and wellbeing at particular times of the year. This variability is well known, and the MNSSP programmes already address some elements of it in their programme design.
  - b) *Seasonality causes predictable, regular food gaps during the lean season, which in most cases require an emergency response.* This affects households that do not produce enough food or income to meet their needs throughout the year, and results in food-access deficits from October to March. Often, these food gaps affect the same households in the same districts each year, even in the absence of unusual weather events. The needs of these households are currently met through the annual Malawi Vulnerability Assessment Committee (MVAC) emergency response.
- *Extreme or unusual climate shocks occur with relative frequency in Malawi and cause exceptional periods of acute need (e.g. El Niño).* Such shocks interact with underlying poverty and vulnerability, and can exacerbate poor households' vulnerability to seasonal variability thus increasing food insecurity and the scale of assistance needed. Forecasting, advanced planning and preparedness, and risk-reduction approaches can mitigate their impacts by enabling early response. Programmes in Malawi have recently piloted options to support households through combined social protection and MVAC interventions. In addition, some social protection programmes seek to reduce and mitigate the impacts of climate shocks by linking social support with complementary programmes (e.g. climate-smart agriculture) and designing public works to increase economic resilience and protect natural resources. Efforts can be strengthened in this area, however.

To meet the objectives set out above, a future shock-sensitive social protection system would do the following in operational and programming terms:

*In the short term,*

1. Prioritise strengthening the design and delivery of core social protection programmes to achieve their objectives.
2. Address the predictable annual food gap for poor households through multi-year and predictable programming to reduce the scale of the annual emergency response.
3. Strengthen shock-sensitive objectives in social protection programming through a more explicit focus on preparing and planning for shocks and building resilience.

*In the medium-to-longer term,*

4. Develop ‘scalable’ social protection mechanisms, which temporarily increase coverage of social protection programmes to existing or additional beneficiaries, to deal with exceptional periods of acute need that result from unanticipated weather events.

*Throughout,*

5. Provide on-going support to larger-scale emergencies through closer alignment and coordination with humanitarian response.

**Moving towards such a vision in the short and medium term will require policy-makers and practitioners to build on existing programming and systems, as well as to more radically shift programming and financing that underpin current social protection approaches** – both from the social protection *and* the humanitarian and disaster risk management side.

There are three key areas of work for policy-makers and practitioners to enable Malawi to achieve a shock-sensitive social protection system.

### **1. Vision and leadership**

- An agreed vision for shock-sensitive social protection is established and a 5-year strategy developed to guide national-level policy and programming across different actors.
- The Department of Economic Planning and Development (EP&D) provides strong leadership and the mandate to lead, coordinate and convene shock-sensitive social protection across different programmes and sectors – particularly with the Department of Disaster Management Affairs (DoDMA).
- Development partners support the government in delivering the shock-sensitive social protection vision through a coordinated approach.

### **2. Systems and capacity**

- Effective implementation of the Unified Beneficiary Registry (UBR), with discussion on future expansion to collect relevant data on vulnerabilities to seasonality and shocks to enable rapid scale-up of social protection or emergency response, and support improved programme coordination at the household level.
- Implementation partners effectively deliver core and seasonal social protection, strengthening capacity and delivery systems for rapid response in order to scale up and coordinate in emergencies in the future.
- Integration of forward-planning and preparation into social protection programming, including climate information and early warning systems.
- Establish and strengthen monitoring, evaluation and learning (MEL) to measure progress towards shock-sensitive social protection systems and outcomes, and use the findings to inform operations.

### **3. Financing**

- Invest more resources into core social protection programming to improve programme effectiveness in reducing poverty and vulnerability to seasonality (including re-design of programmes with enhanced focus on resilience)
- Provide multi-year commitments to finance seasonal and scalable social protection interventions.
- Establish a pooled-funding mechanism to enable more efficient coordination between government and donors.

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# INTRODUCTION

This report assesses the potential for strengthening social protection in Malawi to become more ‘shock-sensitive’. By this we mean the role that a social protection system can play in dealing with the negative impacts of shocks, by both reducing and mitigating risks and also helping cope with the immediate effects of these shocks. In Malawi, this concept is understood as ‘a system that helps people prepare for, cope with, and respond to shocks, through the closer alignment of humanitarian and development actors and systems’ (SRSP, 2016). Shock-sensitive social protection can achieve this via a variety of mechanisms that help to manage the different magnitudes and timescales of risks, through adequate design and implementation of policies and programmes, and through better coordination with humanitarian responses.

We acknowledge that ‘shocks’ encompasses a wide range of events that households face – from idiosyncratic shocks such as poor health or loss of employment, to covariate shocks including financial crises.<sup>1</sup> For the purpose of this study, our focus is on the most common climate shocks in Malawi – notably, floods and droughts. However, the findings and recommendations are also relevant for broader shock contexts. Moreover, the study examines the interaction between *climate shocks* and underlying *vulnerability to seasonality*, to emphasise the differences between unanticipated shocks (such as floods and droughts) and predictable seasonal food insecurity. The latter is often treated as a ‘shock’, but it is a predictable annual occurrence for many households in Malawi.

Indeed, seasonality, climate variability, and, increasingly, climate change, are key challenges to poverty reduction in Malawi. Even without accounting for the future impacts of climate change, poverty is widespread and persistent in the country. Data from the Integrated Household Survey (2010-2011) calculate that approximately 50% of the population live below the national poverty line<sup>2</sup> (NSO, 2012). Ultra-poverty – defined as an inability to even afford the basic daily recommended food requirement – affects around 25% of the total population (ibid.). Meanwhile, poverty and vulnerability remain predominantly rural phenomena; the poverty incidence in rural areas is around 57% and around 85% of households are engaged in agriculture (ibid.), with nearly all agricultural households dedicating at least some of their land to the main staple crop, maize. There are also variations in poverty across the districts, whereby poverty levels in some districts in the north and the south have reached over 70% (2011 data, GoM and ILO, 2015). Food insecurity is high and a significant portion of Malawi’s population repeatedly requires food assistance. In the last ten years, 15 out of 28 districts have been classified as food-insecure six times or more, with some being declared food-insecure continuously for this whole period. Most years, food assistance has been provided to those districts as part of the MVAC humanitarian response.<sup>3</sup>

Moreover, Malawi is highly exposed to climate risks, which are becoming increasingly important in a context of climate change. On a global scale, there is consensus that floods and droughts will occur in higher frequency and magnitude. The poorest and most vulnerable countries will suffer the impacts the most; worldwide, climate change could push an additional 100 million people into poverty by 2030 (Hallegatte et al., 2016). While the models of future impacts of climate change in Malawi vary, there is agreement that the country will experience an increase in temperatures and less precipitation, which will impact agricultural yields and, hence, food availability and access (USAID, 2013).

Thus, this report focuses on the role that social protection can play in addressing persistent chronic poverty and vulnerability in the context of seasonality and recurrent climatic shocks. The assessment will feed into the forthcoming MNSSP II (Malawi National Social Support Programme), which sets

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<sup>1</sup> Idiosyncratic shocks are natural, economic or political shocks that affect *individual households or household members*.

Covariate shocks are natural, economic or political shocks that affect *large numbers of people and/or communities at once*.

<sup>2</sup> Living on less than the annual income deemed necessary for covering basic food and non-food expenditures.

<sup>3</sup> Authors’ interviews, based on WFP data.

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policy and programmatic directions for social protection in the country. The analysis carried out under this study was done prior to the revised MNSSP.

The main objectives of this report are two-fold. First, to synthesise and analyse how existing social protection programmes have dealt with seasonality and shocks. And second, to provide options and recommendations for moving towards a more shock-sensitive social protection approach in Malawi.

### **Research methodology and structure of the paper**

Five research methodologies were used to conduct this study: 1) desk-based reviews; 2) online consultation via a survey; 3) district-level workshops; 4) key informant interviews and field visits in selected districts; 5) national-level key informant interviews. The research team also held a final validation workshop in Lilongwe with district- and national-level stakeholders on 3 February 2017. More details of the methodology can be found in Annex 1.

The report is structured into three parts. Part 1 focuses on understanding poverty, seasonality and shocks in Malawi (section 1), and provides an analytical framework that discusses the potential role of shock-sensitive social protection (section 2). Part 2 synthesises experiences on how current social protection contributes to reducing risk, building resilience and responding to shocks. After presenting an overview of social protection programmes and recent emergency responses, there are four subsequent sections: policy coherence and institutional structures (section 3); social protection programme design and implementation (section 4); social protection systems (section 5); and financing arrangements in the social protection and emergency sectors (section 6). Part 3 concludes by setting out a vision for moving towards a strengthened shock-sensitive social protection system in Malawi, with key recommendations.

# PART 1: POVERTY, VULNERABILITY AND SHOCKS IN MALAWI: UNDERSTANDING THE CONTEXT AND THE ROLE OF SOCIAL PROTECTION

## 1. Overview of poverty, vulnerability and shocks in Malawi

The debilitating impacts of climate shocks and ‘natural’ disasters persist in Malawi due to high vulnerability linked to a multiplicity of complex factors, including chronic poverty, high levels of food and nutrition insecurity, seasonal patterns of production and consumption that are rainfall dependent, and high exposure to climate extremes and other environmental hazards.

This section discusses each of these factors in turn, and emphasises three main points:

1. The underlying vulnerability of households and lack of adequate mechanisms to deal with unexpected events increase the potential for larger impacts from shocks, even when abnormal weather events are only a small deviation from the norm. Without addressing the structural problems of poverty, low agricultural productivity and lack of livelihood diversification, etc., the slightest shock sends households into crisis, and humanitarian appeals are required to mobilise life-saving support.
2. Even in the absence of weather extremes or disasters, seasonal food insecurity is common, both for labour-constrained and non-labour-constrained households. High dependence on rain-fed agriculture and on undiversified livelihoods, in a context of unpredictable rainfall, creates a cycle of food insecurity and vulnerability that exacerbates the impacts of shocks.
3. As a result of the above, ‘emergencies’ that require a humanitarian response occur frequently. In reality, the emergency response mechanisms are a way of addressing seasonal food insecurity caused by chronic factors such as poverty and limited livelihoods, as much as they are a way of responding to exceptional needs arising from extreme events such as floods or droughts.

### 1.1 Chronic poverty, food insecurity and vulnerability

Poverty is widespread in Malawi and varies across regions. Districts in the very north and south have the highest poverty rates and the largest poverty gaps. As described in the Introduction, approximately 50% of the population live below the national poverty line, and 25% are defined as ultra-poor (NSO, 2012). The poverty incidence in rural areas is around 57% and around 85% of households are engaged in agriculture (ibid.), with nearly all agricultural households dedicating at least some of their land to the main staple crop, maize. Poverty levels in some districts in the north and the south have reached over 70% (2011 data, GoM and ILO, 2015), and poverty levels in some of the poorest districts are almost double that of the wealthier districts (ibid.).

Food insecurity is high and concentrated in a number of districts (Figure 1). Malawi’s food security is generally defined in terms of adequate production of and access to maize, which is the country’s staple and accounts for 60% of calorie consumption (Makombe et al. n.d). Around 80% of

smallholder farmers are net buyers of maize (ibid.). Despite bumper crops of maize at times, however, acute and chronic food insecurity remain major challenges.

Chronic poverty and food insecurity are compounded by a series of other factors that increase people's vulnerability to shocks. Key determinants of household vulnerability that magnify the impacts of both idiosyncratic and covariate shocks include education, gender, access to land, livestock holdings, and distance to a road or town (USAID, 2017).

Livelihood diversification is extremely limited, especially in rural areas which account for 84% of the population (Clarke et al., 2016). Such households have a very high dependence on one crop: 98% of all households in Nkhata Bay, Balaka and Mulanje grow maize as a staple. *Ganyu*, a form of informal labour, is a widespread livelihood strategy and coping mechanism on which the poor and middle-income population are overly reliant (USAID, 2017).

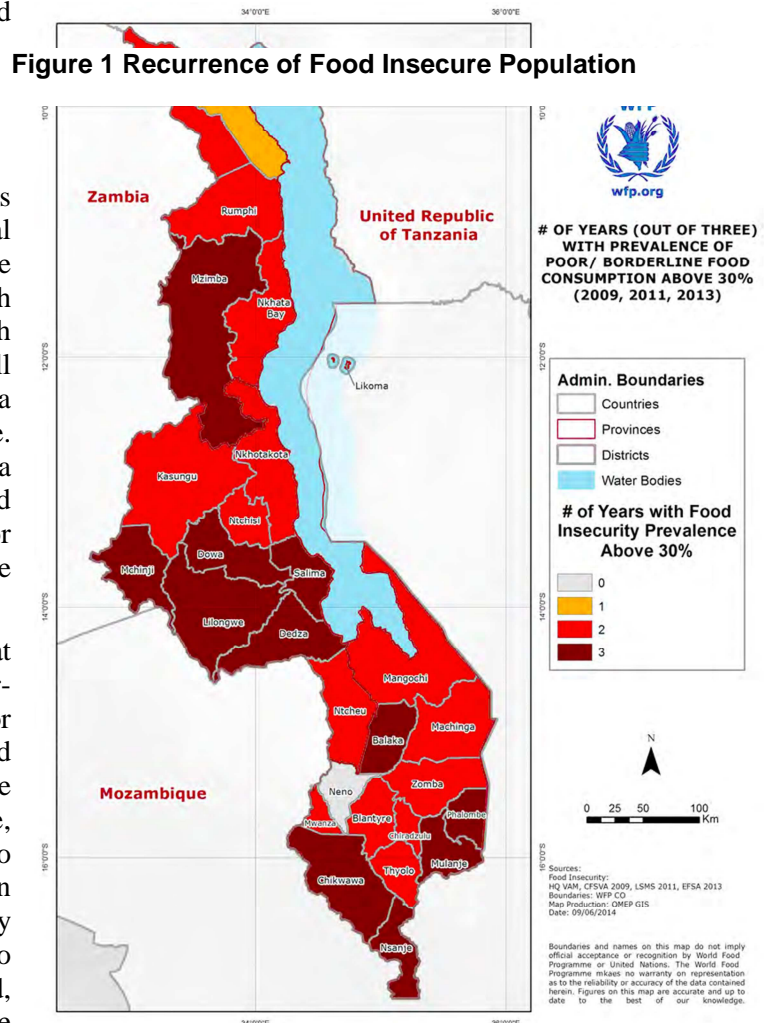
It is commonly accepted that households that are labour-constrained (because of disabled or elderly members, or female-headed households) are unable to produce food or earn an income, and, hence, are amongst the most vulnerable to shocks. However, in reality, even households with labour availability might be vulnerable to shocks due to high dependence on limited, undiversified livelihoods that are rainfall dependent, as detailed below.

In addition to these vulnerabilities, poor and food-insecure populations often live in informal structures or in sub-prime geographical locations for

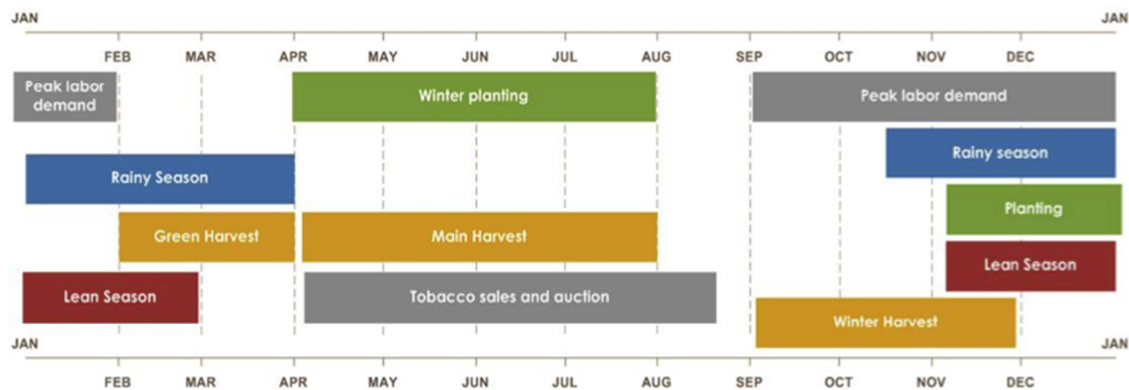
agricultural productivity. Only 2.5% of people live on land that is highly suitable for maize production, while the majority live on land only moderately or marginally suitable (ibid.). Besides having direct consequences for food production, this exacerbates their risk exposure to climatic and environmental hazards.

## 1.2 Seasonality and vulnerability

Rain-fed agriculture in Malawi depends on unimodal rainfall (i.e. a single rainy season in a year), and is characterised by dependence on erratic rainfall, small farm size, limited use of modern inputs, and poor access to markets (Devereux, 2009; Makombe et al., n.d). This makes agricultural productivity highly dependent on seasonal weather patterns (see Figure 2), which – due to climate change – are becoming more unpredictable so that both smallholder and commercial farmers face challenges around when and what to plant.



Source: WFP Malawi



**Figure 2: Malawi's seasonal calendar**

Source: FEWSNET<sup>4</sup>

Agricultural seasonality, arising from the production of only one harvest each year, has two implications for rural livelihoods and makes rural households highly vulnerable to seasonal variations: (1) annual household income depends crucially on the size of the harvest, and a single failed harvest can destitute a poor family with limited savings and assets; (2) families with undiversified livelihoods must survive from one harvest to the next on what is harvested only once each year (Devereaux, 2009). Babu and Sanyal (2007) estimate that using average technology and even under normal weather conditions, a six-person household that cultivates less than a hectare (single harvest) will not be able to produce enough food to feed the household for a year. The average household will produce about 10 months' worth of food, of which it will sell half to meet immediate cash needs, and store the rest for consumption. By the time the household runs out of food, it will rely on low-paid agricultural work to buy food at higher prices, neglect work on its own farm, and perpetuate the cycle of low productivity. More than 50% of Malawian households cultivate less than one hectare (ibid.).

According to Devereux (2009), food insecurity in Malawi following a season of average rain is associated with a number of factors, including impacts from previous shocks that have depleted productive resources, as well as dependence on a single unreliable source of food and income – rain-fed agriculture – in a context where rainfall (the most important input) is erratic and unpredictable; weakness of rural markets for food, assets and employment; inadequate roads, transport systems, telecommunications and other rural infrastructure and, widespread poverty, which exacerbates all of the above. Seasonality perpetuates poverty and impedes efforts to escape from it (ibid.).

### 1.3 Exposure to climate-risks and vulnerability

Notwithstanding the vulnerability context described above, Malawi is highly exposed to multiple hazards that cause widespread shocks. Climate and weather risks are among the most significant. Indeed, the country was the third most affected in the world in the Climate Risk Index for 2015 (Kreft et al., 2016). In recent years, the country has faced successive and compounding climatic shocks; from the worst flood in 50 years in 2015, to the strongest *El Niño* event in 35 years in 2015/16, which resulted in a drought and, consequently, two consecutive poor harvests<sup>5</sup> (GoM, 2017).

The impacts of such shocks and disasters are costly. Economic productivity is suppressed during a disaster; growth in gross domestic product (GDP) for Malawi was revised from a projected 5% to 2.8% following the floods in 2015 (IMF, 2015 in GoM, 2017). Investments in long-term development programmes and their subsequent gains can be lost. As the Malawi economy is heavily dependent on the agricultural sector, climate-related events have a substantive effect on the productivity of farming

<sup>4</sup> <http://www.fews.net/southern-africa/malawi>

<sup>5</sup> Food security impacts of drought and flooding events are typically felt during the following agricultural season, when reduced yields of the previous season are experienced as food shortages in the months leading up to the next harvest.



households and food prices. This, in turn, leads to food insecurity, as most smallholders are net purchasers of food.

The most important climate risks in Malawi arise from hydro-meteorological events – most commonly rainfall extremes that create floods, dry spells and drought situations. Malawi is also exposed to other climate-related hazards such as landslides, hot spells, storms and lakeshore flooding, as well as others that can be indirectly linked to climate events, such as locust outbreaks and weevil infestations, in addition to health stressors such as malaria, cholera and dengue outbreaks.

Floods and droughts have the greatest negative impacts on food security, and, as such, are the primary focus of this study.

Floods are the most frequent climate shock, representing 74.5% of all disaster events between 1990 and 2014 (Prevention Web, 2017, and produce more direct losses to life and property than droughts. Furthermore, they mostly occur in the low-lying Shire River basin in the southern part of the country,<sup>6</sup> where a third of Malawi's maize is grown.<sup>7</sup>

Droughts have greater negative impacts on the broader economy, because of high dependence on rain-fed agricultural production in the country. Drought events typically increase poverty by 1.3%, but a 1-in-25-year drought (extreme drought) can increase poverty by as much as 17%, potentially pushing another 2.1 million Malawians over the poverty line (World Bank, 2011).

Droughts and extreme droughts occur in all three regions (north, central, and south), with eight droughts having occurred since 1980 (GoM, 2016). Particularly in southern Malawi, the impacts of droughts have become more frequent and severe in recent decades as they are compounded by factors such as population growth and environmental degradation. Most extreme droughts in the region have been associated with *El Niño*.

Dry spells and droughts impact crop yields, meaning that their impacts are experienced several months after the actual harvest because of the unimodal pattern of production. Food shortages are therefore felt during the following agricultural season in the lead up to the next harvest.

Extreme drought events can have longer-lasting effects. For example, Lake Chilwa nearly dried in November 2012 and water levels remained low for the following six months, even after a normal rainy season (IFPRI, 2010). Impacts such as dry wells and stressed fisheries can be felt by the local population much longer than the seasonal period of the drought, and have direct impacts beyond agriculture into public health (water rationing and reduced hygiene) and fisheries.

Of central importance is the fact that, in Malawi, climate and weather events can impact food security even in the absence of extremes. Small disturbances that are within the norm – such as a gap in rainfall during the growing season – can lead to crop failure or reduced yields because of the extreme dependence on rainfall, only marginally suitable crop planting, and low-input agriculture (USAID, 2017).

### ***What are the main drivers of climate risks in Malawi?***

The *El Niño* Southern Oscillation (ENSO) is the most important driver of climatic variability in Malawi (USAID, 2013). The most recent ENSO event – which was the strongest event in 35 years and prompted the declaration of a state of emergency – put 40% of the country (6.7 million people) at risk of food insecurity during the 2016/17 consumption period (MVAC, 2016).

Malawi is located in between two opposite modes of climate variability relative to ENSO (*El Niño* and *La Niña*) events. During *El Niño*, the northern region (especially Karonga) is at heightened risk of

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<sup>6</sup> However, the north is vulnerable to floods during *El Niño* events, when the typical flood-drought patterns are reversed.

<sup>7</sup> While the southern region may be at greatest risk for riverine floods, flash floods frequently occur in urban and topographically complex areas across all regions. These are difficult to forecast and are potentially increasing in impact, with informal settlements growing rapidly in flash-flood-prone areas and rapid deforestation fostering conditions for loose soil and unpredictable runoff.

above-average rainfall, whereas the southern region (especially Nsanje, Mulanje, Chikwawa and Thyolo) is at risk of drier-than-average conditions. These signals are reversed during *La Niña*.

ENSO is of central importance for the development of early warning systems (EWS) linked to preparedness actions that can be taken on a seasonal timescale.

In addition to *El Niño*, it is clear that climate change will create additional challenges for Malawi. Although models vary, overall, there is agreement that in the future the country will experience an increase in annual mean temperature and decrease in overall precipitation, as well as an increase in mean rainfall on rainy days. This is expected to increase the frequency and severity of floods (especially flash floods) and droughts in the region, and lead to soil erosion and crop failures. Changes in seasonal patterns such as dry spells or the onset and cessation of rainy season, are also expected to have impacts on maize production. Furthermore, the land area that is suitable for farming maize is expected to reduce in size over time (USAID, 2013).

## 2. Analytical framework

As discussed above, Malawian households face multiple risks that exacerbate and perpetuate their vulnerability, including chronic poverty and food insecurity, seasonal variability, and high exposure to climate risks. In this section, we provide a brief conceptual review of these issues to build a framework of analysis for the remainder of the study. We analyse shocks and seasonality and their relationship to poverty and food insecurity. Based on this analysis – as well as on lessons from other contexts – we present a series of features of a shock-responsive social protection system that underpin the analysis and recommendations throughout the rest of the report.

### 2.1 Understanding shocks and seasonality

Shocks are complex events that result in losses at an individual or community level due to a combination of specific hazards as well as people's exposure and vulnerability (Hoddinott, 2009 in OPM, 2016; Twigg, 2015). The focus of this study is on covariate shocks, meaning shocks that affect large numbers of people or communities. Moreover, while shocks can be caused by natural or man-made hazards, we focus our study on the impacts of shocks that are primarily triggered by climate variability. These can be slow-onset (i.e. drought) or fast-onset (i.e. floods) shocks, and predominantly affect rural populations.

There is consensus that poor, food-insecure and vulnerable populations are disproportionately affected by climate shocks; a larger share of poorer households report economic impacts from weather risks compared to richer households (Wodon et al., 2014 in Hallegatte et al., 2014). Poorer households have fewer coping mechanisms, and are hence more vulnerable; but they might also be more exposed because of their location and other factors. In Malawi, 15% of people live on land that is not suitable for maize production (USAID, 2017).

Importantly, climate shocks also increase the number of people that fall into poverty or food insecurity (Hallegatte et al., 2014). Studies show that while many households escape poverty, others fall back into it because of shocks, making the net flow out of poverty negligible (Krishna, 2007 in Hallegatte et al., 2014). When a shock occurs, these households might resort to selling their productive assets or grain stocks (if they have them), rely on food assistance, take children out of school or potentially migrate in search of work (OPM, 2016). Moreover, households generally face multiple negative shocks over time, and each shock may affect the general welfare and food and nutrition status of the household. Livelihood strategies are a major determinant of the degree of vulnerability of the household, therefore, and which livelihood strategies are adopted will depend on the household's resources and its ability to access saving, credit and insurance markets (Pieters et al., 2013).

Climate change will exacerbate these challenges: changes in weather patterns will lead to increased or decreased rainfall and more extreme events, further hindering the ability of poor and food-insecure households to recover. It will also likely increase the number of people who fall into poverty, and make it more difficult to escape (Hallegatte et al., 2014). In this sense, shock-sensitive social protection is relevant to both current variable climate and future climate change.

However, the impacts of extreme weather events are only one of the causes of persistent food insecurity and poverty in Malawi. The underlying nature of vulnerability means that the predictable seasonal patterns of production and consumption that are prevalent in Malawi also often result in annual emergency food responses. This is referred to as *seasonality*, and has been the subject of rigorous research since the 1960s. Seasonality shapes and structures rural lives and livelihoods, often in negative ways – and is a key factor in creating and reproducing poverty, especially among smallholder families (Chambers et al., 1981 in Devereux et al., 2013). Cross-country research has highlighted that regions with pronounced seasonality in rainfall – particularly unimodal rainfall such as in Malawi – experience particularly negative consequences at particular times of the year. However, despite the importance of seasonality for understanding rural poverty, the international development policy agenda has been inconsistent in addressing it. In recent years, in the context of

policy debates about shock-responsive social protection, seasonality has often been conflated with climate-related ‘shocks’ such as floods and droughts.

Seasonality and climate shocks can be – but are not always – interconnected. For example, extreme weather events such as floods or drought may exacerbate an already fragile situation (particularly at certain times of the year), creating a covariate shock and increasing the intensity and scale of a crisis (Devereux, 2009). However, it is also true that countries may experience no major deviation from ‘normal’ weather patterns in certain years, but seasonality can still result in the need for an emergency intervention due to the underlying vulnerability of the poor population.

The wet season before the harvest is usually the most critical time of year where adverse factors often overlap and interact, and a significant body of research demonstrates the causal impacts of seasonality on hunger, malnutrition and ill health (see, for example, Chambers et al., 1981). Food supply is short and food prices are high, physical energy is needed for agricultural work, women are overburdened with double workloads (care and domestic work, as well as agricultural work), and sickness is prevalent (ibid.). The capacity of the household to cope with seasonality determines its impact, as much as exogenous conditions such as weather. As such, the coping behaviour of poor households during a hungry season might be similar to distress behaviour observed during a famine where households face severe hunger, not just mild rationing (Devereux, 2009).

In summary, from a shock-sensitive social protection perspective, it is important to highlight that shocks perpetuate poverty and food insecurity, but also increase them. This, however, is due to a combination of factors that go beyond a specific climate hazard and include other factors such as exposure and vulnerability that need to be addressed. Equally importantly, in order to understand the role of shock-sensitive social protection, it is necessary to take into account *predictable seasonal patterns* of production and consumption as discussed above, which contribute to high levels of food insecurity and often result in an emergency situation, as much as other *unanticipated climate-related events*. While there may be some similarities in appropriate policy responses to these two issues, they require different policy approaches.

Seasonality and shocks caused by climate extremes are both understood as having a cyclical nature and requiring a cyclical policy response. But seasonality cannot be considered a ‘shock’ as it has clear predictable annual patterns, whilst shocks often are difficult to anticipate, come at once or close together. A shock-sensitive social protection system in Malawi will need to take this into account and focus on ways to deal with some of these complex factors (i.e. not just responding to shocks but also addressing vulnerability). Importantly, social protection alone cannot achieve this, as it needs to be part of a coordinated effort with other sectors including agriculture, health, education, gender equality and others.

## **2.2 What are the implications for social protection?**

In many ways, social protection is inherently designed to be shock-sensitive, as a core objective is to *reduce vulnerability*. Vulnerability considers both the *exposure* to the risk that a household faces, and the *household’s ability to cope* with that risk (Chambers, 1989; Sabates-Wheeler and Devereux, 2008).

Social protection has a clear role in *reducing household vulnerability to shocks, supporting households to cope with the impact of shocks and, by extension, increasing resilience to shocks*. Social protection interventions do this through the provision of regular income or consumption support, social assistance interventions, insurance mechanisms, and/or by supporting livelihood and income-generating opportunities. Social protection programmes can also enhance their effectiveness by combining one or more of the ‘Prevention, Protection, Promotion, and Transformation’ objectives. For example, promotive social protection programmes that support livelihood promotion and diversification are more effective, and can better build household resilience to shocks if they are also combined with a minimum income safety net and/or insurance to protect assets and livelihood gains in the event of a shock.

### **How to strengthen shock-sensitive social protection?**

If we consider that the impacts of seasonality and climate shocks may have similarities, but that the structure of these stressors are different, this has important implications for designing shock-sensitive social protection. For example, a predictable annual seasonal food gap needs to be met with a predictable shock-sensitive response, whereas a sudden-onset flood will require different policy, programme and institutional responses.

Much of the international (conceptual and empirical) work to date on social protection's role in relation to shocks has focused on the ability of existing social protection interventions to scale up in *response* to climate shocks. There has been less focus on how social protection can contribute to mitigating risks and anticipating shocks in order to build resilience for beneficiaries (Ulrichs and Slater, 2016), and supporting specific food and nutrition security needs in the event of a crisis (not just focusing on income poverty).

Examining social protection from a shock-sensitive perspective, rather than simply shock-responsive, necessitates an examination of social protection's role across a whole cycle. For poor households affected by seasonality, this requires an explicit focus on the annual agricultural cycle. In relation to climate shocks, this requires an examination across the disaster risk management (DRM) cycle: prevention, mitigation, preparedness, response and recovery. It is important to note that shock-sensitive social protection does not pre-suppose that social protection will be the most appropriate approach to use in the context of disasters, however. But using a DRM framework as a starting point enables us to look at the long-term function of social protection in the context of increased climatic variability, and assess the opportunities through which social protection can contribute to the DRM goals. Table 1 takes a brief look at some of the key implications of seasonality and climate shocks for social protection.

**Table 1: Implications of seasonality and climate shocks for social protection**

<b>Core social protection</b>	<b>Implications of seasonality for social protection</b>	<b>Implications of climate shocks for social protection</b>
Takes as starting point <i>livelihoods</i> or <i>life-cycle</i>	Takes as starting point an <i>annual cycle</i> of seasonal patterns of consumption and production. Critical junctures – lean season before the harvest when hunger is highest; labour requirements during harvesting and planting.	Takes as starting point a <i>disaster event cycle</i> : prevention, mitigation, preparedness, response, rehabilitation and recovery.
<p><b>Protection:</b> relief from poverty and deprivation</p> <p><b>Prevention:</b> avert poverty/deprivation through ex-ante support</p> <p><b>Promotion:</b> enhance real incomes and capabilities</p> <p><b>Transformation:</b> address concerns of social equity and exclusion</p>	<p><b>Protection:</b> smooth income and consumption across seasons</p> <p><b>Prevention:</b> support coping strategies for lean season through appropriate insurance mechanisms, savings, linkages to health and education</p> <p><b>Promotion:</b> long-term approach to appropriate livelihood support and resilience-building</p> <p><b>Transformation:</b> consideration of gender equality, enabling environment</p>	<p><b>Prevention and mitigation of shocks:</b> social protection can reduce vulnerability and enhance capacities to mitigate impacts of shocks through supporting livelihood diversification, public works programme (PWP) watershed approach</p> <p><b>Preparedness:</b> build in contingency planning in social protection programmes, coordination across actors, integration of EWS, and early action based on predicted impacts or extreme events</p> <p><b>Response:</b> build institutional and financial capacity for fast, large-scale and flexible response; programme adaptation</p> <p><b>Rehabilitation and recovery:</b> social protection programmes adapted to need,</p>

	support livelihoods and resilience-building
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### **Features of a shock-sensitive social protection approach**

The analysis above suggests that a shock-sensitive approach needs to consider diverse risk factors including seasonality as separate from climate shocks. It also suggests that the long-term impacts of climate change need to be considered. While some of these approaches will need to be differentiated, there will also be common core infrastructure and programming features that can be put in place across the whole shock-sensitive system to reduce risk, build resilience and to manage such disasters.

In order to build a framework for analysis for this study, we identify what a shock-sensitive social protection system may look like. Table 2 draws on international literature (World Bank, 2013; Kuriakose et al., 2012; OPM, 2016) and combines core and seasonal-based approaches, pointing to where these need to be distinguished from specific climate-related disaster responses (scalable and emergency-linked).

**Table 2: Features of a shock-sensitive social protection system**

Components of a shock-sensitive social protection system	Cross-cutting	
	Core and seasonal social protection	Scalable and emergency-linked social protection
Policies and institutions	Clear government policies that enable social protection to link disaster and climate risk management	
	Clear government commitment to building effective DRM systems that include a role for social protection	
	Champions in the government and donor agencies to lead and conceptualise shock-sensitive social protection, and be willing to innovate programmes	
	A lead ministry/agency to coordinate shock-sensitive social protection that has a recognised mandate and ability to convene actors	
	Collaborative donor–government relationships that enable cross-fertilisation	
	Effective formal coordination to enhance communication channels and information-sharing between social protection, DRM, agricultural, climate and humanitarian ministries/agencies	
	Capacity of implementing ministries/agencies to plan for and deliver shock-sensitive social protection, including at local level, and link with relevant sectors for implementation	
		Coordination plans and procedures (roles and responsibilities) between social protection, DRM and humanitarian systems for disaster response
Programming and implementation	Core social protection programmes delivered regularly and predictably, at an appropriate transfer level and coverage	Social protection programmes can prepare and plan for climate shocks. Pre-identified adaptation of coverage and duration of existing programmes includes: <ul style="list-style-type: none"> <li>- the adjustment of transfer amounts or values</li> <li>- the introduction of extraordinary payments or transfers</li> <li>- modifications to programme rules and the relaxation of requirements to facilitate participation</li> </ul>
	Proper analysis and identification of chronic and seasonal risks and vulnerability matched by appropriate and effective instruments	Social protection coordinates with emergency response sector
	Social protection programmes prepare and plan for predictable seasonal food gaps	

	Programme coherence for shock-sensitive social protection (not individual programmes but a system of programmes)	
	Programmes that build resilience, and focus on livelihoods and assets, including strengthening natural assets	
<b>Systems: targeting, data and information</b>	Registration system linked to national civil registry	
	Registries are regularly updated	
	Monitoring and evaluation (M&E): Measure outcomes and impact of seasonal vulnerability, and use the findings to inform operations	
	Targeting systems enable identification of at-risk areas and individuals for vulnerability to chronic and seasonal food insecurity and climate variability	
	If giving top-ups to regular beneficiaries, there is still a need to have a system for reaching other affected households	
		Creation of a data-triangulation service for humanitarian agencies to coordinate with the UBR, and knowledge on how to use this in humanitarian contexts
<b>Systems: delivery</b>	Timely delivery of core/routine transfers/benefits	Established partnerships and payment operating systems (reduced time and costs)
	Effective payment system with flexibility for households to switch between types of payment modalities when required (ability to overcome cash liquidity in affected areas)	Flexibility of payment providers to bring in staff from other regions (e.g. prepared for in existing plans)
		Adaptability of payment schedules and modalities (but still require predictable payment)
<b>Systems: early warning</b>	Information and monitoring of information	
	Communication of early warning messages	Action plan linked to forecast or early warning that includes social protection
<b>Financing</b>	Government commitment and ownership of social protection system through:	
	Domestic financing of social protection	
	Resources delivered through government structures with capacity	
	Sustainable multi-year commitments, including across seasons	
	Good financial management of public expenditure	
	Donor coordination and harmonisation of funding	
		Framework of diverse financial instruments to adequately address risks
		Ex-ante financial instruments in place
		Established rules for expansion of social protection in case of a shock
		Financing modalities for climate risks linked to forecasts and EWS for more effective anticipation

# PART 2: HOW IS THE EXISTING SOCIAL PROTECTION SYSTEM SHOCK-SENSITIVE?

Here, we synthesise existing experiences and knowledge on shock-sensitive social protection in Malawi, and analyse the ways in which the existing social protection system (policies and institutions, programmes, system components and funding) deals with predictable seasonality, as well as unanticipated weather events.

First, an overview of the MNSSP programmes is presented, as well as recent emergency responses. The four sections that follow then focus on policy and institutional frameworks (section 3); programme design and implementation (section 4); systems (section 5); and financing (section 6).

Each section introduces the key messages emerging from our analysis, before discussing the analysis in detail. We then summarise the main findings in a ‘traffic light’ table that examines the extent to which social protection in Malawi is shock-sensitive, using international experience as a benchmark.

## **Overview of MNSSP social protection programming**

The current social protection programming approach in Malawi is guided by the Malawi National Social Support Programme (MNSSP), which has been designed to operationalise the National Social Support Policy (NSSP) between 2012 to 2016. To achieve the objectives of the NSSP, five intervention areas are prioritised: i) the Social Cash Transfer Programme (SCTP); ii) Public Works Programmes (PWPs); iii) School Meals Programmes (SMPs); iv) Village Savings and Loans (VSLs); and v) Microfinance (MF) (for programme details, see Annex 2).

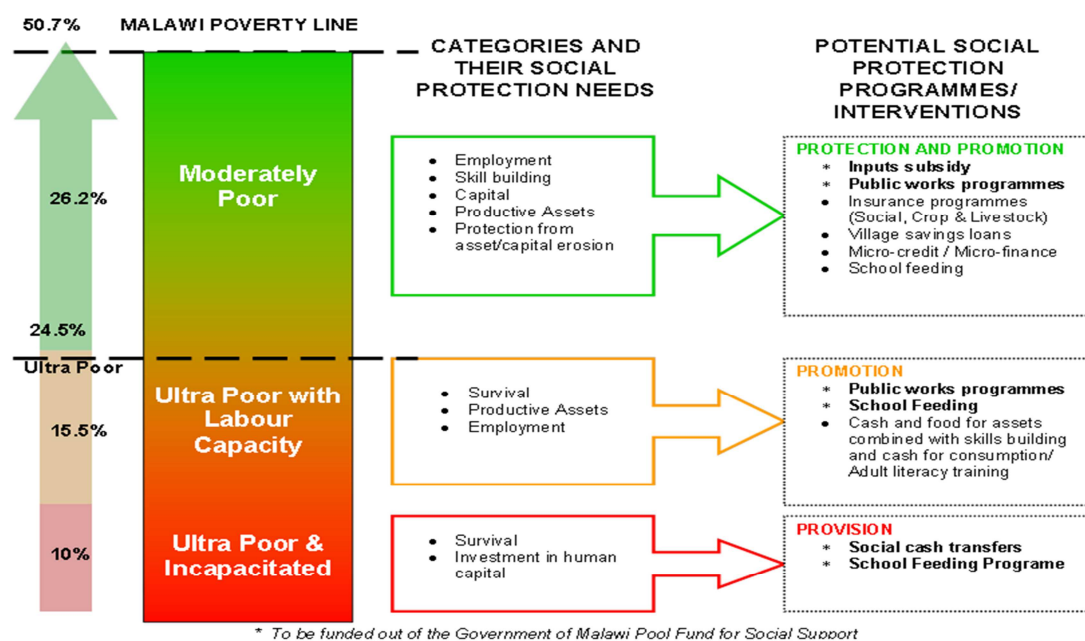
In theory, there is a logic and sequence behind these five programmes, as they are designed to support households at different levels of poverty with different types of programming. However, at present they are all implemented separately, through different ministries, supported by different donor agencies, and delivered through a combination of government and development partners.

The SCTP and PWPs are targeted at the ‘ultra-poor’ (approximately the bottom 25% of the national poverty distribution). Operating separately in most districts, the two programmes distinguish their target group based on those who do not have labour capacity in the household (the SCTP), and those who do (PWPs). However, as we discuss below, this distinction of labour capacity can be problematic, and, moreover, in practice these two programmes operate separately despite there being a rationale for greater coherence, particularly given the overall target group of the ultra-poor.

The SMPs and VSL programmes are aimed at ultra-poor and poor households. The NSSP envisages that beneficiaries will move between some of these programmes; for example, that SCTP beneficiaries will be able to access VSLs and that, with time, VSL members will then be able to access MF. Figure 3 illustrates the proposed sequencing to be achieved by the MNSSP programmes.



Figure 3: MNSSP programming



Source: EP&D via the WFP.

### Overview of emergency response

Malawi's main mechanism to deal with the consequences of seasonality and climate shocks is based on seasonal assessments. The main elements of this system consist of: i) the MVAC, whose goal is to assess food security and livelihood vulnerability for timely and accurate early-warning information to inform policy and programming in Malawi; and ii) DoDMA, through which the Humanitarian Response Committee (HRC) uses the assessments to prepare, plan and respond through a Food Insecurity Response Plan (known as the 'MVAC response').

Each year MVAC, which is situated under the Ministry of Finance, Economic Planning and Development (MoFEPD), conducts bi-annual assessments (post-harvest and pre-lean season) as part of early warning to food insecurity. The MVAC then produces an estimate of the population at risk of food insecurity during the following season. The magnitude of the need is also expressed in terms of the tonnage of maize required to meet that need, as well as the length of time (months) for which the response is needed in each affected district. In practice, this means that MVAC estimates take into account food insecurity caused by vulnerability to agricultural seasonality as well as, in some years, exacerbated by climate shocks (even when these shocks have occurred in the previous rainy season, such as with the 2015 floods). As such, humanitarian action and disaster response are somewhat indistinguishable from the annual, seasonal response to food insecurity.

After MVAC has clarified the food security situation – including the level of response needed at specific times – the HRC determines whether to respond through the humanitarian cluster system. The food security cluster, which is led by DoDMA and co-led by the WFP, works closely with other clusters, notably the agriculture and nutrition cluster, to focus on providing life-saving food assistance, while linking relief beneficiaries with longer-term development and resilience-building activities. Livelihood support and recovery activities also continue to be implemented in many districts at the same time (GoM, 2017).

In addition to the seasonal assessment of food insecurity, response to fast-onset shocks (such as floods) is activated in the aftermath of a disaster. These activities typically appear to be based on non-food disaster response measures (shelter, evacuation, non-food items). Other response activities also

deal with localised, less severe shocks across the country (floods, fires, other hazards), and are activated and assessed by local councils. The government has limited relief items prepositioned, and works closely with institutions such as the Malawi Red Cross for these activities.

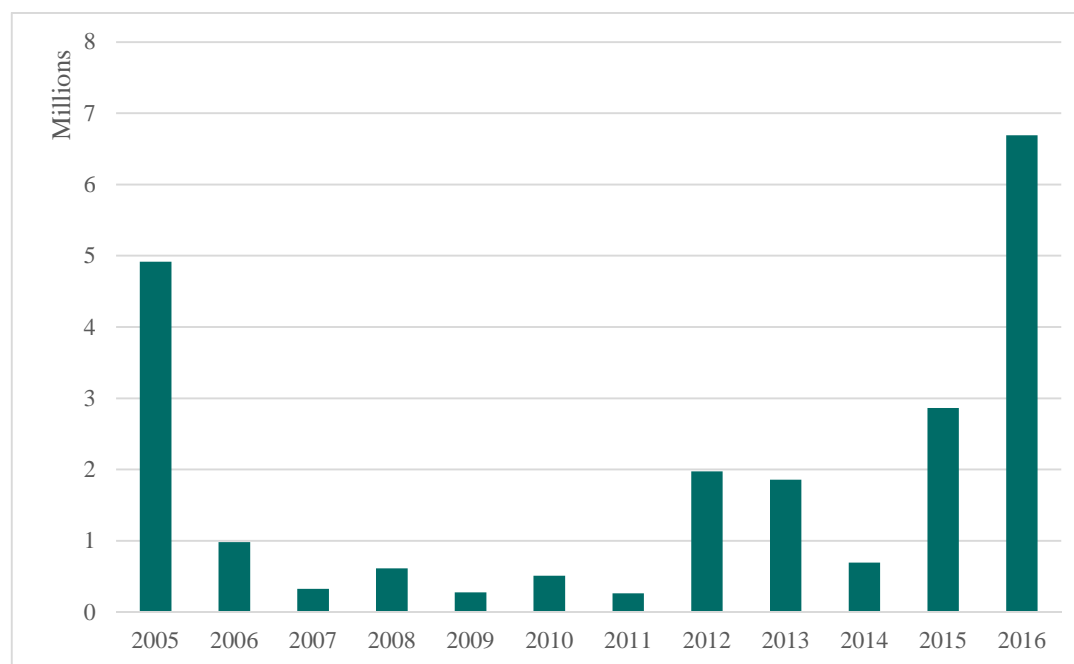
Food assistance can be transferred in-kind, cash, or using vouchers. International non-governmental organisations (INGOs) operate in cash or vouchers, having distributed benefits in 2016/17 to approximately 700,000 people. WFP operates in all three modalities, and reached approximately 6 million people in the same year.

It is not easy to track MVAC data on beneficiary numbers and location because it is not digitised, however estimates are available. Figure 4 illustrates trends in the number of people needing food assistance. MVAC data show that between 270,000 and 600,000 people per year required emergency food assistance from 2008 to 2012. These figures have increased dramatically in more recent years, however, with the mean number of people who could not meet their basic food consumption from 2011 to 2015 rising to approximately 1.67 million people per year, according to an analysis of MVAC figures. The 2016/17 lean season saw 6.7 million people – approximately 40% of the population – in need of emergency food assistance (although this is due to exceptional weather events resulting in a significantly increased proportion of the population needing assistance).

In terms of affected districts, 15 out of 28 districts have been classified in the last ten years as food-insecure six times or more, with some being declared food-insecure continuously throughout this period (See Annex 3). Most years, food assistance has been provided to those districts as part of the MVAC humanitarian response (authors' interviews).

The value of the MVAC transfer is tied to the food basket. In 2016/17 approximately MKW 20,000 (US\$28) a month was transferred.

**Figure 4: Trend in number of people in need of food assistance**



*Source: Adapted from data provided by WFP for this study (GoM); extracted from MVAC reports 2005-2016.*

### 3. The policy and institutional framework for shock-sensitive social protection

Several policies, institutions and coordination mechanisms are relevant to the design and implementation of shock-responsive social protection. Annex 4 presents an overview of the key policies, actors and coordination mechanisms at national and district level for all relevant sectors. In the following subsections we provide a brief analysis of how these policies and institutional mechanisms currently support a vision for shock-sensitive social protection in Malawi.<sup>8</sup>

The key messages from this section shows that while the NSSP and MNSSP begin to articulate the relevance of climate shocks and the seasonality of livelihoods as the key drivers of poverty and vulnerability, this is not translated into a vision or operational plan of shock-sensitive social protection – the current MNSSP review process presents an opportunity to address this gap. Several other sectoral strategies and policies that are relevant to the design and implementation of shock-sensitive social protection do not clearly link with the social protection sector, either at a conceptual or institutional level. Since some of these strategies and policies are being reviewed, there is an opportunity to deepen linkages, strengthen collaboration, and also signal the need to make sure that social protection in general, and its potential for dealing with shocks in Malawi, are clearly recognised and engaged throughout. Moreover, while many coordination structures are defined ‘on paper’, their operationalisation is difficult. This is problematic for effectively implementing social protection programmes themselves, as well for developing a shock-sensitive social protection system, particularly in terms of coordinating with humanitarian response activities and actors.

#### 3.1 Malawi’s policy framework to support shock-sensitive social protection

Social protection falls under the NSSP in Malawi, which has four main objectives: to provide welfare support, protect assets, promote productivity, and ensure policy linkages with economic and social policies and disaster risk reduction (DRR) (see Annex 4). The policy is operationalised through the MNSSP for 2012-2016.

The MNSSP is currently under revision, and is expected to be finalised in the second half of 2017. The third Malawi Growth and Development Strategy (MGDS III) is also expected to be finalised then.

The **NSSP** recognises shocks as a key driver of poverty and vulnerability and seeks to protect assets and increase resilience of the most vulnerable. Importantly, the policy makes significant linkages with DRM at strategic and institutional coordination level, including recognising the importance of climate risk management for poverty reduction, and establishing institutional coordination with relevant actors. But it makes no clear reference to the issue of high seasonal food insecurity, its role in exacerbating vulnerability, or its links to erratic weather patterns and low-input agriculture. Hence, the NSSP does not provide policy directions that could contribute to addressing these problems.

The MNSSP recognises the importance of climate shocks and the seasonality of livelihoods as the two key drivers of poverty and vulnerability. Importantly, it also points to an important challenge that has emerged time and again through our research, that ‘Malawi is getting trapped in a vicious cycle of emergency appeals [...] Chronic and predictable hunger is treated as if it is an unpredictable emergency. To break out of this cycle requires predictable resources for a predictable problem’ (GoM, 2012b: 9).

Solutions to these key issues are less clearly operationalised in the rationale for the MNSSP programmes, however, which lacks a coherent vision for shock-sensitive social protection. Instead, the MNSSP is framed along individual programme lines (cash transfers, public works, etc.), which prevents it from articulating how the different programmes complement each other. It also fails to fully recognise the linkages with climate shocks or seasonality in a coherent way, only making specific references when providing guidance on the seasonality of public works interventions, for

<sup>8</sup> While other sectors such as nutrition, health and education are of relevance to social protection, they have not been analysed for the purposes of this study.

instance. However, recent discussions around the successor programme document, MNSSP II, suggest that this might change.

Therefore, the review process of the MNSSP offers an opportunity to better conceptualise how social protection can help households better deal with the root causes and impacts of climate shocks, and make those linkages operational at the systems and programme levels.

In addition to the NSSP and MNSSP, several strategies and policies are relevant to the design and implementation of shock-sensitive social protection (see Annex 4). Our review of these policies and strategies found that while they generally recognise the importance of shocks as a key driver of large impacts, the predictable nature of seasonal food insecurity and its consequences in increasing vulnerability are not well articulated. Furthermore, there are weak linkages between those policies and their lead institutions and the social protection sector, either at a conceptual or institutional level.

As with the MNSSP and NSSP, a few of the strategies and policies are undergoing review or being drafted, which presents an opportunity to deepen linkages and strengthen collaboration, and also signal the need to make sure that social protection in general, and its potential for dealing with shocks in Malawi, are clearly recognised and engaged throughout.

The **MGDS II** shows the government's commitment to the potential of social protection to transform the lives of poor people by including a pillar on social protection and DRR (GoM, 2012a). A review of the policy shows that there is little conceptual or strategic articulation of the connection between the two sectors, however. Thus, an important item on the agenda for the revision of the MGDS is to more clearly demonstrate how social protection and DRM connect conceptually and strategically, and what the implications are for programming and funding.

The **DRM Policy and Implementation Plan** does not conceptualise linkages with social protection. There is no immediate opportunity to address this gap in the current documents (as the DRM policies/programmes have recently been approved), but there are certainly opportunities to increase coordination on joint advocacy and programme implementation.

While recognising social protection as a key pillar of resilience, the **National Resilience Plan (NRP)** does not yet clearly conceptualise coordination and collaboration across sectors, and the draft that we reviewed did not reflect the potential for shock-sensitive social protection. The drafting process of the NRP represents a clear opportunity to advocate for a role for social protection in building resilience to shocks. However, at the time of this research, the MNSSP review and drafting of the NRP seemed to be taking place in parallel but with relatively little coordination, despite involving many of the same actors from both the government and development partners. It is important that these two processes do not result in two different 'resilience' agendas, that ultimately compete for funding and visibility.

The different **climate change policy documents** do not explicitly consider links with social protection directly. Indeed, our research finds that, across all areas, linkages between climate change activities and social protection seem to be very weak or non-existent. It is important to initiate a process of outreach, advocacy and dialogue between the sectors, therefore, within the context of shock-sensitive social protection.

While the **National Agriculture Policy (NAP 2015)** presents linkages with social protection policies and their interventions, it is important that it advocates for closer linkages with food and nutrition security and operationalises these linkages through closer collaboration.

Our review also shows that most policies do not articulate clear linkages with some of the most important humanitarian processes in the country, including the **MVAC assessment process** or its consequent 'response'. Even when data and results from MVAC reports are fed into several of Malawi's policies, formal links with broader policy processes are relatively weak (MVAC, 2016).

### 3.2 Institutional coordination

Shock-sensitive social protection requires, at a minimum, coordination between key actors in NSSP, DRM, and climate and emergency sectors. However, there are challenges to effective coordination, both within the social protection sector as well as externally.

### ***Institutional coordination within the social protection sector***

There are a range of actors involved in social protection implementation and oversight in Malawi (see Annex 5), with each programme under the MNSSP being implemented by a different line ministry or development partner (in the case of VSL, for example, there are over 100 different implementers). Institutional coordination at national, district and sub-district levels is led by the Poverty Reduction and Social Protection (PRSP) unit in EP&D, which aims to provide coherence and coordination across MNSSP as well as with other relevant sectors.

This coordination structure includes five thematic working groups at the national level that aim to foster greater coordination within each MNSSP programme. However, the way in which social protection programmes are currently operationalised is very fragmented. For example, various donors fund the SCTP, and they divide their funding according to districts. This results in a disjointed approach, where different pilots (payment mechanisms, linkages and referrals) are being implemented in different districts, alongside different funding and reporting requirements, etc. This undermines the programme's effectiveness as a whole, and makes it difficult to build a coherent approach to social protection programming (discussed further in section 6 on financing). This is further exacerbated by weak coordination committees at higher levels – the Technical Committee and Steering Committee have oversight of the MNSSP as a whole, but functional limitations of these committees mean that programmes continue to operate in isolation (Holmes et al., 2017).

At the district level, District Councils (DCs) have committees for each programme, often with common membership, which has resulted in multiple, overlapping and uncoordinated committees (author interviews; see also O'Neill and Hall, 2016; Holmes et al., 2017). Furthermore, district-level staff face a range of programme guidelines and procedures for targeting communities for NSSP sub-programmes, but these are not aligned or harmonised (Kamanga, 2016). Encouragingly, there is ongoing discussion about trying to harmonise some of these structures, including a pilot to use the Community Social Support Committees (CSSCs) to coordinate both the cash transfer and the Malawi Social Action Fund (MASAF) public works programme in Dedza and Nkhatabay under MASAF IV (Kardan, 2016; Holmes et al., 2017).

### ***Institutional coordination of social protection, DRM and emergency actors***

Coordination within the NSSP to effectively implement social protection programmes is a challenge in itself, but it is also problematic in terms of developing a shock-sensitive social protection system. Good coordination between social protection and DRM, agriculture, climate etc. is necessary to plan and prepare for seasonality and shocks in advance – whether this is reducing risk to predictable seasonality through programme design (such as climate-smart agriculture) or building the capacity of implementers to respond quickly in an emergency. International evidence suggests that strong coordination or a centrally responsible body with the mandate and strong institutional backing to coordinate social protection is critical to the success of a shock-sensitive social protection system (see, for example, Slater and Bhuvanendra, 2013; Bastagli and Holmes, 2014). In Ethiopia, for example, changes to the government structure that has led to effective coordination of social protection support has proven more effective for managing scale-up in crisis times than putting multiple agencies in charge (Slater and Bhuvanendra, 2013). And in Bangladesh, the government has established a unit dedicated to coordinating responses to covariate shocks (Kuriakose et al., 2012).

Notwithstanding the challenges to the effectiveness of coordination committees led by PRSP mentioned above, some actors and programmes at the national level are not well-represented in the coordination structure in practice, which means that there are gaps in information and representation across social protection programming (see Holmes et al., 2017). One of the most notable gaps is the agricultural sector (author interviews; see also O'Neill and Hall, 2016), but there are also challenges when it comes to coordinating effectively with other sectors such as DRM, climate and humanitarian through the MNSSP coordination structure (Holmes et al., 2017).

Indeed, the DRM, climate and humanitarian sectors all have their own national- and local-level committees. While this is understandable, a shock-sensitive social protection approach needs to recognise that this complex system is likely to continue, and that clear leadership and action will be needed by a key actor to coordinate policy and activities effectively. While there have been some recent efforts to coordinate social protection programmes and MVAC response – through the automatic inclusion of SCTP beneficiaries and pilots such as data collection of the UBR in Dedza (see section 5 for further discussion) – there has not yet been a systematic drive to create synergies and linkages between the MNSSP and emergency response in ex-ante planning or response. Moreover there is also not an explicit recognition or guidance of the types of linkages or coordination needed to reduce vulnerability to the adverse effects of seasonality for social protection target groups.

Cross-sectoral coordination is difficult without aligned incentives and resources. According to some, the NRP offers some potential as an umbrella to bring together different actors and enable alignment of humanitarian and social protection systems (author interviews). However, there are concerns among stakeholders whether this could be achieved, given the lack of mandate and involvement of key ministries in this process.

Effective coordination across and within sectors requires that each set of actors (or their coordinated bodies) has defined roles and responsibilities. Currently, for instance, there are a number of forums, particularly at the national level (e.g. MVAC, Food Security Cluster, Cash Working Group, Education Cluster Emergency Response Programme, Unified Beneficiary Registry Task Force, etc.) that have similar or overlapping mandates, which is causing inefficiencies and confusion (O'Neill and Hall, 2016). In terms of the responsibilities of humanitarian actors, during the past few years there has been concerted efforts to better coordinate humanitarian responses that are mainly divided into cash and food support. Under the coordination of the Food Security Cluster (within the HRC), the delivery of food, cash and vouchers is implemented in a coordinated way between a consortium of INGOs and the WFP. As such, there is the possibility that these committees could coordinate more effectively with the MNSSP coordination structure in future.

### 3.3 Summary

**Table 3: Policy and institutions: progress towards a shock-sensitive social protection system**

Components of a shock-sensitive social protection system	Features of shock-sensitive social protection	Level of progress in Malawi	
		Traffic light	Key messages
Cross-cutting (all shock-sensitive social protection components)	There are clear government policies that enable social protection to link disaster and climate risk management.	Emerging	NSSP recognises the importance of climate shocks and disasters and starts to articulate the importance of seasonality of livelihoods. However, there is little operationalisation in the MNSSP. Current discussions on shock-sensitive social protection in MNSSP revisions show progress. Other policies and plans do not seem to effectively recognise social protection or provide a role for it.
	Clear government commitment to building effective DRM systems that include a role for social protection.	Emerging	While it is clear that there is government commitment to social protection, it is not clear whether there is commitment at higher levels to supporting a SP role in DRM. The MGDS presents weak conceptualisation of this in pillar three. The draft NRP integrates social protection, but a shock-sensitive social protection role needs

			to be articulated further, with greater coordination between social protection and emergency actors.
	Champions in the government and donor agencies to lead and conceptualise shock-sensitive social protection, and be willing to innovate programmes.	Emerging	Champions for shock-sensitive social protection so far seem to be mostly external partners, who are not well coordinated. However, the role of it in current MNSSP discussions shows this is changing.
	There is a lead ministry/agency coordinating shock-sensitive social protection that has a recognised mandate and ability to convene actors.	Low	While MoFEPD has overarching responsibility for social protection, it does not have a convening or coordinating role for shock-sensitive social protection yet. DoDMA is also not leading in this space.
	Donors pool resources and provide coordinated support to the government to enable a collaborative approach.	Medium	While the government and donors collaborate, there are still challenges with funding restrictions and donor coordination, which result in a very fragmented approach to social protection design and funding and undermine effectiveness and efficiency.
	Effective formal coordination to enhance communication channels and information-sharing between social protection, DRM, agriculture, climate and humanitarian ministries/agencies.	Low	Currently weak. Existing, relatively weak collaboration between PRSP and DoDMA; but weak relationship between social protection and the Ministry of Agriculture, Irrigation and Water Development, and the Ministry of Natural Resources.
	Implementing ministries/agencies have the capacity to plan for and deliver shock-sensitive social protection, including at local level, linking with relevant sectors for implementation.	Emerging	Current challenges and pressures on district and local field staff to implement programmes. Fragmentation and multiplication of district-, community- and village-level coordinating bodies across different social protection programmes also present challenges.
Scalable and emergency-linked social protection	Coordination plans and procedures (roles and responsibilities) between social protection, DRM and humanitarian systems for disaster response.	Emerging	There are emerging roles and responsibilities for social protection to respond to emergencies, but most of these practices are currently pilots and experimental.
	Capacity for the social protection sector to draft in additional district or field staff/teams in response to emergencies or the ability to coordinate with appropriate institutions.	Low	Current district staff are delivering social protection under demand and pressure. Depending on the type of shock (and therefore damage done), social protection is able to operate through disasters. This may result in some delays, or changing the mode of transfers.

## 4. Shock-sensitive social protection design and implementation

Here, we synthesise existing experiences of shock-sensitive social protection programme design and implementation. Specifically, this section looks at the available evidence on the effects of existing social protection to address seasonality, innovations in supporting long-term resilience (addressing both seasonality and reducing future climate-related risks), and recent experience in linking social protection and humanitarian responses.

There are four main messages highlighted in the section. First, social protection needs to be implemented *regularly and predictably* to support households to cope with the effects of seasonality and climate shocks. However, challenges in the delivery of the SCTP and Local Development Fund (LDF)/MASAF public works in some districts undermines the potential positive impacts of these programmes. Second, with few exceptions, *addressing seasonality is weak across programmes*. The value of social protection transfers to household income and consumption fluctuates across the seasons, and, without additional support, households continue to face severe food and nutrition insecurity in the lean season. Third, the *weak linkages and coherence within MNSSP programmes and with other sectors* make for isolated and fragmented programming that severely compromises their potential, especially when benefit levels are already low. Linking social protection programmes to complementary services and programmes is an emerging area, and there is little evidence on what really works. However, the combination of complementary activities – and an integrated approach that simultaneously provides a safety net, enhances skills and learning, and promotes livelihoods – is seen as essential to address the underlying factors of vulnerability and to reduce the risks that households face. This includes a combination of programmes that protect gains, prevent losses and promote productivity. And finally, there have been important innovations in linking social protection and emergency response in the context of the most recent crisis in Malawi. Whilst these innovations should be developed further, existing social protection programmes are still not well equipped to respond rapidly to the impacts of unanticipated climate events. As such, there is a need to *focus investment to get core social protection programmes functioning effectively* across districts before investing in more complex scale-up options for shock-sensitive social protection.

### 4.1 Addressing chronic and seasonal poverty and food insecurity

The core objectives of the SCTP (implemented by the Ministry of Gender, Children, Disability and Social Welfare, MoGCDSW), LDF/MASAF public works programmes (PWPs), and school meals programmes (SMPs) (implemented by a variety of actors) are to reduce income poverty and to reduce vulnerability to food insecurity. They are designed to do this by providing income transfers (SCTP and LDF/MASAF) or food transfers (SMPs), and aim to contribute to household consumption needs on a monthly or bi-monthly basis (SCTP), or seasonal basis (LDF/MASAF and some SMPs).

Both the LDF/MASAF PWP and some SMPs also aim to integrate seasonality into their programme design. For some SMPs (e.g. WFP), this is achieved by delivering the programme to orphans specifically in the lean season (under emergency nutrition cluster). In the case of the LDF/MASAF PWPs, seasonal livelihood planning is built into the programme design in theory, interlinking the timing of work with Malawi's large-scale farm-input subsidy programme (FISP) in the main agricultural season. The premise behind this is that the PWP facilitates poor, credit-constrained households to access subsidised fertiliser (which also distinguishes Malawi's programme from traditional PWP design that is implemented during the lean season (Beegle et al., 2015)).

The transfer levels as income, food or wages reflect the objective of meeting a *proportion* of the household poverty gap, meaning that households must meet the remainder of their needs through their own income-generating activities or food production (see Table 4). The current social protection approach through the SCTP and SMPs mainly responds to immediate poverty and food security needs that ultra-poor households face on a daily or monthly basis. A recent impact evaluation of the SCTP by the University of North Carolina (UNC, 2016) finds that most beneficiary households used the transfer to purchase food (94%), followed by expenditure related to clothing and shoes (45%), formal



government education fees (43%), and rent or shelter (38%). Almost a third of beneficiary households used transfer funds to purchase livestock and other agricultural inputs (*ibid.*)

The LDF/MASAF has an additional objective that is reflected in its programme design, to support the longer-term trajectory of households to generate income and support agricultural productivity. In theory, this is designed to be achieved in two ways: by linking the timing of works (and therefore payment) to the agricultural season so that households can purchase fertiliser through FISP, and by building community assets to support rural and agricultural infrastructure.

**Table 4: Approximate transfer values and coverage of social protection programmes and MVAC response<sup>9</sup>**

Programme	Coverage	MKW rate	Frequency	x	= MKW/yr	US\$	Duration
SCTP	170,000 households (755,730 beneficiaries as of April 2016)	2,600 (minimum)	Bi-monthly	12	31,200	43	3-4 years
		5,400 (maximum)	Bi-monthly	12	64,800	90	3-4 years
LDF/MASAF III (PWP)	521,000 beneficiaries	600	Daily	36	21,600	30	3 years
LDF/MASAF IV (PWP)		600	Daily	96	57,600	79	1 year
MVAC (2016/17)	6.7 million Malawians	20,000	Monthly	4	80,000	110	Varies
			Monthly	8	160,000	220	Varies

*Notes: National poverty lines (based on 5.5 members per household) – ‘Poor’: MKW 37,002 per person per year (US\$51), MWK 203,511 per household (US\$280); ‘Ultra-poor’: MKW22,956 per person per year (US\$32), MWK 126,258 per household (US\$174) (NSO, 2012).*

*Sources: Programme documents, author interviews.*

*Evidence shows that the SCTP, the SCTP plus VSLs, and SMPs are supporting households to cope with chronic poverty and food insecurity:* The SCTP and VSL have been found to improve food security, measured by number of meals per day (VSL) and increased consumption and diversification of diet (SCTP) (Ksoll et al., 2013; Pozarny and O’Brien, 2015; UNC, 2016). SCTP has been found to support households to accumulate assets – including productive assets and livestock – and increase agricultural production and labour opportunities (Pozarny and O’Brien, 2015; UNC, 2016); and VSLs are associated with improved income-generating activities (Ksoll et al., 2013). SCTPs and SMPs have reduced negative risk-coping mechanisms, such as withdrawing children from school (with important effects particularly for girls) (GoM, 2017; see also WFP, 2016; UNC, 2016). These findings point to positive effects of the SCTP, VSLs and SMPs to reduce negative coping strategies. In terms of the LDF/MASAF PWPs, a recent evaluation on MASAF III (Beegle et al., 2015) finds no significant impact on food security or use of fertiliser – despite these being core programme objectives.

*There is also evidence showing that some social protection programmes play a protective role in supporting food security in the lean season:* Evidence shows that SMPs have had positive effects on school attendance during the lean season (the peak hunger period), particularly for girls in higher grades (GoM, 2017; see also WFP, 2016). The recent impact evaluation of the SCTP also demonstrates that cash transfers can help protect beneficiary households from food insecurity in the lean season<sup>10</sup> (UNC, 2016). However, without regular monitoring of the effect of the MNSSP

<sup>9</sup> Calculations of the SCTP based on minimum transfer value.

<sup>10</sup> The impact evaluation states that the midline and baseline surveys were conducted during the lean season relative to the baseline. As a result, at endline, mean consumption was 22% lower than at baseline among the control group but only 9% lower among the treatment (beneficiary) group, indicating an important protective effect of the SCTP. The endline was conducted a little earlier than the midline, but at a time when food stores would have just begun to run out. As a result, mean

programmes at the time when households need support the most (i.e. during the lean seasons), it is difficult to get a full picture of the role of social protection in helping households to reduce the seasonal food gap without resorting to the use of negative coping strategies. Whilst evidence from the SCTP and SMPs is positive, we have already described in previous sections how some districts have been classified as food-insecure six times or more in the last ten years (and some classified continuously during that time), which indicates a continued serious problem of chronic and seasonal food insecurity (See Annex 3).

*But we do not know how MNSSP programmes support households to withstand the impacts from recent floods and droughts, because programmes are not monitored or evaluated to capture these effects:* What we do know from international evidence (discussed below) is that there are core features of social protection design and implementation that enable programmes to fulfil their objectives to meet chronic and seasonal food insecurity needs, and, potentially, to support poor households in the event of extreme climate shocks. These are:

- Regular and predictable transfers over a period of time, with benefits at an appropriate transfer level.
- Timely one-off (or short-term) transfers at a particular time(s) of the year, set at an appropriate transfer level.

In terms of the first point, recent evidence from Ethiopia, Kenya and Uganda demonstrates that well-implemented, regular, long-term cash transfers targeted at the poorest and/or those unable to work make a strong contribution to people's ability to absorb the negative impacts of climate shocks and stresses on their livelihoods (Ulrichs and Slater, 2016). This is regardless of whether these programmes specifically aim to address climate risks or lifecycle-based risks: the capacity of households to purchase food increases, and the need to employ negative coping strategies reduces (ibid.; Hjelm, 2016). Key features of these programmes are that they support coping mechanisms over time, and are not expected to promote livelihoods or to graduate. They are a temporary mechanism, as they do not address the underlying structural problems of food insecurity.

Challenges have been observed in Malawi's SCTP that compromise its ability to support household coping strategies. This includes some irregular and lengthy waits for the transfer in some districts (UNC, 2016), the low value of the transfer, and low coverage of the programme. In terms of transfer values, the programme transfers income every two months (in most districts), with a minimum basic transfer of MKW 2,600 per month (households with one person) (US\$4), up to MKW 5,600 (households of four people) (US\$8) (UNICEF, pers comms)<sup>11</sup>. In the UNC (2014) SCTP baseline report, the authors estimated this to be 17% of per capita consumption. In many other sub-Saharan African countries, cash-transfer sizes are also set as a percentage of household-consumption expenditure or food poverty to achieve food security objectives (World Bank, 2012 cited in Bastagli et al., 2016). Values range from 7% in Ghana to almost 30% in Zambia (FAO and UNICEF, 2014).

The issue in Malawi is whether contributing approximately 17% of household consumption through the SCTP is appropriate. Here, it is also important to note poverty-rate differences at the district level – not only in terms of poverty gaps, but also predictable seasonal food insecurity in the lean season. For example, ultra-poor households receiving 17% consumption support just after the harvest will be able to fulfil more of the remaining 83% gap through their own food stocks and/or by purchasing food (at lower prices in the market), compared to in the lean season when own stocks have been depleted and/or they have limited income (and there are also high food prices). Moreover, dietary diversity is also important, which can increase the cost of food. As such, the contribution of the transfer to household consumption varies significantly across the seasons, and across districts.

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consumption among the control group was only 4% less than at baseline. On the other hand, consumption was 20% higher among the treatment group than at baseline, indicating a very large effect of the programme on consumption (UNC, 2016).

<sup>11</sup> Calculations of the SCTP based on minimum transfer value. Additional bonuses are made to eligible households (MWK 800 per month per child in primary school, 1,500 MWK per month per child in secondary school, 800 MWK per month for those children aged between 6 and 15 years which are not reported as going to school as an incentive).

The SCTP does not account for these variations currently. Whilst the transfer is not expected to cover full household consumption, there is a need to consider its limited value, especially in relation to predictable seasonality, as well as explicitly linking SCTP households with other interventions (such as the SMP, for example) to support households to meet this food gap through other means.

In terms of the second point – *that timely one-off or short-term transfers have been shown to help bridge the seasonal food gap* – such transfers are often in the form of seasonal PWPs, asset transfers or SMPs. For example, take-home rations of maize are provided to girls and orphan boys in upper grades during the lean season to encourage attendance and reduce dropouts (on the condition that students achieve at least 80% attendance each month) (WFP, 2016).

International evidence on one-off lump-sum cash payments at key moments in the agricultural productive cycle show that they may have greater impacts on investments (rather than benefiting consumption-smoothing). The timing – linked to seasonal change and agricultural moments – is critical to these impacts (Bastagli et al., 2016). These types of programmes also require preconditions to be in place (such as secure tenure of a plot of land), and demand high management costs in terms of time and resources to support beneficiaries to use investments effectively (Farrington and Slater, 2009). PWPs, on the other hand, are often framed around supporting short-term consumption gaps and producing long-term gains in resilience and poverty reduction by building assets at the household and community level.

The international evidence indicates that the timing and level of payment of public works interventions are crucial. Ulrichs and Slater (2016) argue that if PWPs are delivered on time, even if they are one-off in a season, they can help people to cope with the effect of seasonal food insecurity or a shock. But it is important to recognise their limitations. Short-term, low-value and one-off PWPs will not contribute to improving household coping strategies or reducing their vulnerability beyond that season or that shock (given the current evidence base on the real limitations of assets created). For example, evidence from the Northern Uganda Social Action Fund (NUSAF II) programme, which provides 22 days of wage labour a year to bridge the food gap, shows that short-term, unreliable and untimely PWPs limit the impact on food security (McCord et al., 2013). In this case, PWPs are likened to an ad hoc emergency relief intervention, rather than long-term development (McCord et al., 2013). Moreover, like the regular transfers discussed above, PWPs do not address the underlying vulnerability caused by seasonality or shocks, especially if there are limitations to the appropriateness and quality of assets created and maintained.

Recent reports from LDF/MASAF public works note that beneficiaries use their wages to meet immediate food needs (IEG, 2016). However, a recent impact evaluation of MASAF III by Beegle et al., (2015) finds that the LDF/MASAF PWP has no significant impact on food security or use of fertiliser – despite these being core programme objectives. The evaluation finds no differences even when payments are given during the lean season or the harvest season, or as a lump sum or as five equal payments three days apart (ibid.). Moreover, although payment is timed to coincide with the planting season to promote take-up of the FISP, in practice, PWP households do not use more fertiliser. The findings suggest that the low value of the transfer contributes to its ineffectiveness (ibid.).

Indeed, until recently, the value of LDF/MASAF wages have been comparably low, internationally and nationally (against the SCTP value, for example). Comparable PWP programmes in the region, such as those in Ethiopia, Sierra Leone and Ghana, have maximum earnings of between US\$60 and US\$190 compared to US\$44 for Malawi at the time of the study (Beegle et al., 2015). LDF/MASAF wages are set equal to or below market wages for unskilled labour, and not linked to a food basket like some other PWPs elsewhere in Malawi and also in other countries.

The wage rate for the programme was recently adjusted to MKW 600 from MKW 485 (US\$0.8 and US\$0.7 respectively) (Kardan, 2016; Development Pathways, 2016). Households have been able to access up to 36 days of wage labour (four hours of work for 12 days a year, over three years at particular times of the year). Under this arrangement, a household would receive approximately

MKW 7,200 a year for three years (US\$10) (or the equivalent of MKW 600 a month if calculated evenly across the year) (US\$ 0.8). Recently the number of days available to work has increased further to 96, as part of the emergency response to the *El Niño* crisis (author interviews, January 2017). Some beneficiaries may participate for three years, while others participate for just one year.

The timing of PWPs is also a critical feature if it is to achieve its objectives. As mentioned above, LDF/MASAF aims to support households to access FISP in time for planting. However, even when projects are planned for particular times of the year, they often face delays, resulting in labour being employed at the wrong time of the year and reducing the quality of the asset (author interviews, February, 2017; District Workshop, February 2017).

This is also an important programming challenge, because international evidence suggests that low-quality assets, and poor timing of PWPs, compromises their potential to support households' coping capacities and livelihood promotion (Beazley et al., 2016). In theory, the asset component is an important mechanism to contribute to positive changes in livelihood strategies such as diversification or a shift to alternative farm-based or off-farm practices – but there are requirements that have to be met to achieve this impact, which relate to the relevance, quality and functionality of the assets, and to the accessibility of its benefits. Beazley et al. (2016) argue that, in particular:

- assets must be relevant to local needs
- assets must be designed, located and constructed in line with technical specifications, with adequate capital inputs
- labour-intensive methods must be appropriate to the context (e.g. consideration of transfer levels, season and calorie intake)
- adequate technical inputs must be ensured during design, implementation and maintenance
- local government and/or community ownership and management of the asset must be ensured
- follow-up maintenance must take place to ensure ongoing functionality
- access to asset benefits must be equitable
- the functionality and usage of the asset must be monitored.

Evidence from previous LDF/MASAF project documents suggest that there is a need to improve the quality of community assets created through PWP, as well as to ensure that the assets created meet sector norms and standards. This can be improved by ensuring that adequate capacities are available at the local authority to support the implementation of the projects, and ensuring that standards and frameworks are also provided to guide implementation (IEG, 2016).

*The role of savings and access to loans are also important programming features to mitigate the impacts of future risks:* Households can set money aside in advance of seasonal food insecurity – or in the event of a future shock – to be used in response to the event. Here, VSLs can be particularly important. The evaluation of MASAF III by IEG (2016) finds that out of 100,000 households that were participating in the Community Savings and Investment Promotion (COMSIP) groups, almost 80,000 had accumulated savings of at least 50% of their wages from public works one year after joining a group. Approximately 60% were women. A recent impact evaluation of the SCTP finds that very few households reported saving transfer funds (2%) (UNC, 2016), which raises the question as to whether the transfers received through various MNSSP programmes – and/or their linkages to VSLs – are sufficient to support the coping strategies of beneficiaries or for them to invest in resilience, and what other support is needed at the household level.

*Another important investment that households make are in their social networks.* Informal networks receive less attention in discussions on social protection – but perceptions of fairness at the community level strongly influence the effect of social protection programmes. When resources are scarce, and poverty levels across the community are high, sharing social protection benefits within family and solidarity networks further dilutes the relatively small transfer. A recent study examines community-sharing, and finds that the type of transfer plays an important role as to whether people are more likely to share: food is more likely to be shared, and less so cash (Platzmann, 2017). The study also finds that, in some contexts, pressure comes from village leaders to share. Moreover, community (and political) perceptions around the 'no double dipping' principle makes it difficult to

provide more than one type of intervention to a household. It is clear that more work is needed on how to support and complement local strategies (including communication strategies to the community), rather than undermining them.

#### **4.2 Reducing risk, supporting recovery and promoting long-term resilience**

Much of the focus on social protection's role in responding to emergencies has been around supporting household coping strategies and immediate response to the impacts of shocks. However, this sub-section focuses on the potential long-term contribution that social protection could make in reducing risk (to both seasonality and climate extremes) and building resilience, by incorporating climate change adaptation and resilience objectives into programme design at the household and wider-environment level. This is an area that is least developed in the social protection literature, as there has been relatively limited analysis of programme impacts on the environment and long-term sustainability of livelihoods (Ulrichs and Slater, 2016).

In Malawi, a number of social protection programmes funded and implemented by development partners are adapting to reflect the need for stronger resilience and DRR (e.g. prevention, mitigation) in their design. This is a key aspect of the broader approach to shock-sensitive social protection that aims to prevent or mitigate the impacts of seasonality and climate shocks, as well as improving shock *response*. For example, the move towards catchment areas and watershed management approaches to improve natural resources management and build relevant assets through LDF/MASAF aims to reduce risk in vulnerable areas over the long term (SRSP panel, 2016). Increasingly, there are also linkages being made between relevant programmes to address poverty and vulnerability in a more integrated way, as well as recognition that social protection programmes cannot 'do it all'.

A number of interviewees and workshop participants, for example, commented that the SCTP amount is not sufficient to enable people to escape from poverty, and that cash or food transfers alone are not enough to smooth consumption over the annual lean season, or to build the resilience of households and communities to future seasonality or climate shocks.

Indeed, a recent study by Scott and Harman (2016) conducted with a small sample of SCTP beneficiaries who had exited the programme, indicates that the positive effects of the programme on food security and coping strategies may not be sustainable in the long term. The survey finds that nearly one third of exited households were eating just one meal per day, and almost two thirds eating just two. Qualitative fieldwork also highlighted that previous beneficiaries were eating insufficient food. In addition, some households were withdrawing their children from school after leaving the SCTP as they could no longer afford the fees (*ibid.*). Moreover, the study also estimates the threshold a household would need to achieve in order to be food secure over the year and withstand a climate-related shock: a substantial majority of households were found to have not managed to reach the level of assets that could be associated with a reasonable level of resilience<sup>12</sup> (*ibid.*).

In the validation workshop, it was suggested that a useful way to look at sustainability during programme design is to ask oneself, from the beneficiary perspective, 'what else is needed by this household or individual' in order to escape from poverty, or to be better able to cope with the next drought or flood, or to improve the nutritional status of their children? Here, it is also important to consider household capacity as well as the local environment. For example, programmes focusing on agricultural livelihoods will be inappropriate for some households receiving SCTP as they require long-term protective social protection support. Other households receiving SCTP or MASAF PWP will need appropriate linkages to promote viable livelihood opportunities and resilience, but with realistic expectations of what this can achieve (e.g. the shape and type of markets, as well as access to and the quality of public services, matter) (Daidone et al., 2015). Moreover, international evidence shows that the level of transfers, the predictability of payments and the type of messaging associated

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<sup>12</sup> Note that during the period of data collection (October 2015) many households were suffering from one of the recurrent periods of drought experienced in Malawi and the wider region. As such, households may have already engaged in some negative asset-selling in order to secure the cash to purchase food. Nevertheless, this is a reality for households in the region and, as such, any social cash transfer programme aiming to achieve graduation of its beneficiaries must have this firmly in mind (Scott and Harman, 2016).

with programme implementation are critical factors that can support broader impacts (ibid.). One of the critical issues to be considered in the redesign of the MNSSP, therefore, is the question of linkages and layering among different programmes and services, including complementary activities to enhance the shock-sensitivity of the social protection system.

Malawi already has experience of various resilience-building programmes and social protection programmes that are increasingly trying to link to other sectors – including relief and recovery operations, which can point to technical and operational lessons for the redesign of the MNSSP. In the remainder of this subsection we discuss WFP’s R4 Rural Resilience Initiative, the World Bank’s flood and drought recovery programmes, the DISCOVER project by an INGO consortium, and interventions aimed at creating wider linkages between social protection and other relevant sectors. Observations are noted from the team’s field visits in Balaka and Dedza districts.

### ***Building long-term resilience to climate change***

The **R4 Rural Resilience Initiative** builds on the established Food Assistance for Assets (FFA) programme, a productive-asset-creation programme that contributes to objectives of the public works pillar of the current MNSSP. FFA is a multi-year resilience-building programme implemented with the DC and NGOs between June and December when households are in need and labour is available. It engages households in participatory planning exercises to collectively decide on the assets to build, delivers complementary trainings, and provides timely transfers (cash or food according to the household food gap) in exchange for participation in asset-building activities that contribute to improving the productivity of the environment, help strengthen livelihoods, and promote resilience by mitigating disaster risk. The key innovative aspect of the R4 approach is that it integrates four risk-management strategies: 1) risk reduction through asset creation; 2) risk transfer through index-based microinsurance; 3) prudent risk-taking through credit; and 4) risk reserves through savings (WFP, n.d.).

As a whole, this integrated approach is seen as critical to building household resilience (see Box 1 for more programme details). Households receive support for at least four years (note that recertification for the SCTP is carried out after four years, and LDF/MASAF programmes run for three-to-four-year cycles but with some beneficiaries only participating for one year). R4 beneficiaries can also choose to do extra asset-creation work under FFA in exchange for WFP paying the insurance premium, as they build the capacity to pay for it themselves. The insurance pay-out is linked to a pre-determined rainfall index agreed with participants, whereby pay-outs are triggered when insufficient levels of rainfall are realised, which compromise yields. There was a proportional pay-out last year in Balaka due to the *El Niño* event, and now WFP is learning from this and taking it to scale, starting with Blantyre and Zomba districts in 2017/18.<sup>13</sup>

### **Box 1: The R4 Rural Resilience Initiative**

<sup>13</sup> The pay-out was not the full amount – this was calibrated according to rainfall but the harvest was worse than the rainfall amount suggests because of soil erosion (Authors’ notes).

In 2014, the R4 Rural Resilience Initiative (R4) applied and integrated four risk-management approaches – risk reduction, risk transfer, prudent risk-taking and risk reserves.

For the 2017/18 season R4, with support from United Purpose (UP), will reach 3,056 families in Balaka (with immediate plans to scale up to Zomba and Blantyre districts). In R4's first year, 500 farmers enrolled for drought insurance and received compensation for the 2015/16 season. Subsequently, 2,346 farmers received insurance coverage in the 2016/17 season.

That same year, R4 supported over 100 VSL groups, with 2,624 participants. Over US\$120,000 of savings were accumulated by all VSLs that period. A credit component was also introduced in 2016/17, which offered mature and interested VSL members with the opportunity to take out larger loans for productive purposes through a partnership with CUMO Microfinance. In 2017/18, R4 will reach over 10,000 households throughout the three districts, with a vision to reach over 40,000 households by 2022.

*Source: WFP (n.d.); WFP (pers. comms).*

The assets created within R4 have an explicit focus on production and DRR to address the root causes of chronic food and nutrition insecurity and promote sustainable livelihoods (WFP, pers. comms). Asset creation includes a combination of household-, group- and community-level activities such as reforestation, soil and water conservation, fish ponds, water-harvesting/soil-conservation structures, backyard gardens, tree-planting, disposal pits, toilets and wash facilities, and contour-ridging. These activities also include important gender-sensitive features, such as the appropriateness of home-based work.

While there is no evaluation of the programme's effects yet, during the field visit interviewees from WFP and UP in Balaka considered that the combination of complementary activities at the household, group and community level is essential for household resilience-building (rather than focusing mainly on the community level like other PWP). Fish ponds, water-harvesting (for higher crop yields) and backyard gardens (for vegetable production), for example, are designed to increase and stabilise the future income and food access of participant households in addition to the wages received for the work itself.

In the community visited in Balaka district, linkages were observed with climate services offered to R4 beneficiaries who are also part of farmers' groups. The climate services provided are a combination of agronomic and livelihood advice with climate and weather data and analysis, delivered to beneficiaries through radio, SMS on mobile phones and

**DISCOVER** is a five-year community-based resilience project. Accordingly, at the time of the field visit to one beneficiary traditional project was near its end and was able to showcase achievements. The project is funded by the United Kingdom's Department for International Development (DFID), Irish Aid, and implemented by a consortium led by UP, the project is implemented across five districts (Dedza, Balaka, Karonga, Salima and Nsanje). The project aims to increase resilience largely through promoting diversified livelihood options. Promoted activities include small-scale irrigation, conservation agriculture, energy-efficient stoves, micro-solar lighting, afforestation, VSLs, drought-tolerant seeds (e.g. cowpeas) and beekeeping (linked to for



### ***Linking social protection with relief and recovery initiatives***

As part of the 2016/17 MVAC emergency response, development partners aimed to create productive assets. WFP's approach was rolled out across all districts, reaching 218,000 households, of which 118,000 households in eight districts were prioritised with additional resourcing. Observations from the field visit in Balaka saw the programme provide resilience-building assistance similar to that

received under the R4 programme as optional (unpaid) complementary activities for MVAC beneficiaries (i.e. people receiving short-term emergency/humanitarian food assistance based on the MVAC assessment for the current year).

The level of inputs provided for these projects is much lower than for the full R4 programme (although the focus on quality of asset was maintained), and the impression from brief field visits is that they are unsurprisingly less effective. This is not surprising, given the large scale emergency context in which it was implemented, but does raise important questions over the level of transfer needed for successful impacts. The strategy here was that WFP aims to transfer at least 70,000 households onto the multi-year FFA programme as part of efforts to coherently build a bridge from emergency, to recovery, and then resilience-building (WFP, pers. comms).

There are also other interventions under way or planned, which aim to reduce risk and increase resilience to droughts and floods. For example, the World Bank is funding the **Malawi Flood Emergency Recovery Programme (MFERP) (2015-2019) and the Malawi Drought Emergency Recovery Programme (MDERP) (2017-2021)**. The former is situated in the Ministry of Finance, whilst the latter is anchored to the Ministry of Agriculture. The flood emergency recovery programme provides 'cash-for-work' and 'Inputs-for-Assets' (IFA) schemes, and aims to build resilience to floods whilst building back infrastructure damaged from the 2015 floods. The programme currently operates in 15 districts that are predominantly clustered in the south of the country. Cash-for-work is being used to build large dykes and other flood-control structures, as well as to reconstruct public buildings, including health centres and schools. IFAs focus primarily on supporting small farms to recover, including through the use of small irrigation technology (treadle pumps, small canals etc.).

MDERP is modelled after the MFERP and was due to be launched in March 2017 to implement both cash-for-work and IFA. The assets developed will also focus primarily on building irrigation capacity (large dams and reservoirs), but will add additional activities, including providing livestock in exchange for work. This programme will cover a larger area (24 out of 28 districts), reflecting the more generalised vulnerability to drought experienced in Malawi.

Both recovery programmes use a catchment approach. However, there are questions over their effectiveness given the time lag between the crisis and the programme intervention, which is implemented many months after the disaster (WFP, pers. comms). There are also questions about the fragmentation of programmes operating through different ministries, and it is unclear whether there are overlaps with the LDF/MASAF beneficiaries here.

### ***Linking social protection to complementary programmes and services***

The **Linkages project** was implemented by Save the Children (SC) with support from the United Nations Children's Fund (UNICEF). Observations were made from the field visit in Balaka district, where SCTP beneficiaries are targeted with financial services, specifically encouraging them to join VSL groups.

An important component of this project is the testing of a health-insurance mechanism in the form of 'social support funds' (SSFs) attached to the VSLs. VSL members themselves decide how much of their monthly savings to contribute to the social fund, what kinds of illness or healthcare costs are eligible for pay-outs, and how much the fund should pay for each event. The objective is to raise household resilience to idiosyncratic health shocks (through insurance), as well as their general economic resilience (through the savings and loans facilities). Membership of these VSLs is voluntary, but is strongly encouraged for SCTP beneficiaries in the project area.

Interviewees at SC in Balaka reported that 75% of their SCTP beneficiaries had joined VSLs as of November 2016, while their target was 100%. The key question raised anecdotally by various interviewees is whether the SCTP transfer amount is enough to enable beneficiaries to sustain the regular contributions required for membership of VSLs, or to significantly change their vulnerability levels. It was also noted that the amounts that the SSFs are able to pay out in the event of health shocks are quite low, and cannot cover any major expenses. Further evidence and impact analysis of



this and similar projects would be very useful for the future design of joined-up social protection programming.

The **Linkages and Referrals Component** of the SCTP implemented by District Social Welfare Offices with UNICEF support aims to address chronic vulnerability of beneficiary by linking SCTP beneficiaries with service providers in the sectors of health, education, agriculture and livestock, construction, trade, and social assistance. As the programme leaflet explains, ‘cash alone is not enough to reduce poverty, malnutrition, and improve school enrolment’. Through the Linkages and Referrals Component, the SCTP aims to assist beneficiaries to access existing social services. The objective is to maximise the impact of cash, improving the quality of life of those most in need.

In Dedza district, author interviews with District Training Team members engaged in implementing the Linkages and Referrals Component noted that substantial directories had been compiled of service providers in different sectors for each TA (including non-governmental organisations (NGOs) and civil-society providers, as well as government services). A system is in place for home visits to assess SCTP beneficiaries’ needs in other social sectors, and to provide them with a written referral to specific service providers. However, a major challenge identified during the discussion is that the service providers are not necessarily prepared or resourced to supply their services to additional clients referred from SCTP. Consequently, beneficiaries with referral cards had been turned away at the point of delivery.

UNICEF is funding training and sensitisation activities for the Linkages and Referrals, but no additional service-delivery costs. As one of the interviewees put it, ‘We need a tangible agreement with service providers to avoid embarrassing our beneficiaries’. This example illustrates the general issue of the constrained capacity and resources of the social protection system and related services to meet the basic requirements of beneficiaries.

#### **4.3 Linking social protection and emergency relief**

Going beyond the core remit of social protection, social protection interventions have been increasingly used internationally in coordination with humanitarian responses. This is partly due to the significant increase in the use of cash transfers in humanitarian response, as well as an attempt to converge systems and institutional structures to bring valuable gains in delivering emergency responses quickly, effectively and cost-efficiently.

In the last few years, and especially in response to the devastating effects of *El Niño*, actors in Malawi have increasingly sought ways to utilise social protection to contribute to the humanitarian response. All three social protection programmes have increased the value of transfers to their existing beneficiaries and/or expanded programme coverage in various ways: LDF/MASAF PWPs have increased the number of days that a beneficiary can work and accelerated the planned expansion of cash transfer coverage; the SCTP has used a ‘piggy-backing’ technique to automatically include SCTP beneficiaries to receive the MVAC emergency response (which is a significantly larger transfer than the monthly SCTP as it is linked to the food basket); and the SMP has added take-home rations and expanded coverage to new schools in specific districts (author interviews).

- Under LDF/MASAF, additional financing was requested to expand the number of programme beneficiaries and to increase the number of days they work on the programme (to 96 days for one year), but the PWP payment rate stayed the same at MKW 600 per day (US\$0.8). A rise in the pay rate was prohibited because of the minimum-wage policy. In contrast, the R4 programme wage rates and MVAC response (which is food and cash) are linked to the food basket.
- At the same time, the planned expansion of the cash transfer under MASAF IV was accelerated in response to the crisis. The World Bank accessed additional funding to support the implementation of the SCTP in nine more districts, and Irish Aid in one more district, bringing total coverage up to all 28 districts.<sup>14</sup> However, the beneficiaries of expansion are not

<sup>14</sup> See <http://documents.worldbank.org/curated/en/347861478833267752/pdf/Malawi-PP-update-10282016.pdf>.

necessarily those impacted by the shock, but those who represent the regular target group of the programme. While this expansion has taken time, it has been the first time this kind of approach has been trialled in Malawi (pers comms.).

- The 2016/17 humanitarian response automatically included SCTP beneficiaries to receive the MVAC response. This was a national decision, and the first time that this happened (especially because of resistance against beneficiaries receiving more than one programme in the context of perceived fairness at the community level, as discussed previously). We discuss this in more detail in section 5, but it is worth noting that while there were initial discussions about using the SCTP mechanisms to deliver humanitarian response, there were a number of factors that influenced the decision to deliver it through humanitarian channels instead. This included the challenges of delivering food in combination with cash, lack of preparedness specifically related to funding channels, and existing challenges within the SCTP systems (slowness and unreliability of delivering cash on time).

There have been challenges with matching the zones and clusters used by SCTP with the village/TA allocations used by MVAC (Platzmann, 2017). Some stakeholders reported that using these parallel systems exacerbated frustrations at community level around SCTP beneficiaries receiving both SCTP and MVAC, especially where the MVAC allocation was used up almost entirely by SCTP beneficiaries (i.e. the problems of ‘double dipping’ discussed previously), which was highly unacceptable to the community (author interviews, January 2017). However, the automatic inclusion of beneficiaries marks an important shift in attitudes towards beneficiaries receiving more than one form of assistance. Opportunities for the future (which we discuss in more detail below) include considering building contingency funding to ‘top up’ SCTP-affected households in certain areas, and using the SCTP systems to deliver it.

- Using earmarked funding, WFP rolled out an emergency SMP in response to the widespread acute food insecurity in 2016/17 (WFP, 2017a). The programme operates in 71 schools across the four hardest-hit districts, and includes temporary expansion from regular school-feeding to additional schools, including take-home rations (3kg corn soya blend per student per month, conditional on 80% attendance each month), which is an important contribution for households with several children in school (ibid.). Moreover, families receiving school meals may also receive MVAC rations – and there appears to be less resistance to this than in the case of other social protection programmes where double dipping is seen as problematic (it is not well-understood why this is). A recent assessment indicates that the effects of the emergency school meals include increased enrolment rates and attendance rates of boys and girls (WFP, 2017b).

In recognition of increasing climatic variability and its impact on poor households, social protection actors in other countries have recently sought to better prepare for and respond to shocks that affect poor households within and outside their target groups. The most significant and relevant examples are Ethiopia’s Productive Safety Net Programme (PSNP) and Kenya’s Hunger Safety Net Programme (HSNP), which introduced contingency funding and risk-financing mechanisms, respectively, in order to enable rapid scale-up of interventions when needed. While these details are discussed further in section 5, here it is important to note the pre-conditions of early warning, contingency plans, contingency funds, and institutional arrangements and capacity. As discussed above, both LDF/MASAF PWP and school meals have scaled up existing programme response in the last year to try to reach more beneficiaries affected by *El Niño* – however, this has taken a lot of time without any pre-planned procedures in place. Author interviews also indicate that other programmes, beyond social protection, are developing contingency planning into their programme design to be able to better respond to climate shocks. United States Agency for International Development (USAID) programmes, for example, are including flexibility and contingency funding in order to be able to increase coverage, and have the flexibility to change programme design if necessary. Getting financing for these is challenging, however, and is discussed more in section 6.

#### 4.4 Summary

**Table 5: Programming and implementation: progress towards a shock-sensitive social protection system**

Components of a shock-sensitive social protection system	Features of shock-sensitive social protection	Level of progress towards features in Malawi	
		Status	Key messages
Core, resilient and promotive, and seasonal social protection	Core social protection programmes delivered regularly and predictably, at an appropriate transfer level and coverage.	Emerging	Challenges in some districts with delivering SCTP and LDF/MASAF on time, compromising their potential impact on poverty reduction, food and nutrition security and livelihood promotion. Transfer values of SCTP and LDF/MASAF are also relatively low, and not tied to food basket therefore reducing the ability to contribute to chronic and seasonal food insecurity for the ultra-poor. Coverage remains below need for ultra-poor households and not well distributed according to district need.
	Thorough analysis and identification of chronic and seasonal risks and vulnerability matched by appropriate and effective instruments.	Low	Current mix of poverty and food and nutrition insecurity used to identify target groups; mixed evidence of programmes being able to reduce chronic poverty and seasonal food insecurity. SCTP supports food security but does not measure effects on seasonal vulnerability; LDF/MASAF designed to address seasonal food insecurity but evidence finds no positive impacts.
	Social protection programmes prepare and plan for predictable seasonal food gaps and this is reflected in programme design.	Low	LDF/MASAF and SMPs are designed taking into account seasonal patterns of production and consumption to reduce the lean-season food gap. However, as demonstrated by the annual MVAC emergency response – often required annually in the same districts – existing social protection interventions are far from supporting the needs of ultra-poor households during this annual predictable seasonal food gap.
	Programme coherence for shock-sensitive social protection (not individual programmes but a system of programmes).	Emerging	Limited approach to shock-sensitive social protection beyond specific programme, although emerging discussion on what features a shock-sensitive system would look like (e.g. in recent discussions around MNSSP II).
	Programmes that build resilience, and focus on appropriate livelihoods and assets, including strengthening natural assets.	Emerging	Emerging discussion and practice on building resilience through PWP approaches and building programme linkages to support the provision of climate information and agricultural productivity, and SCTP linkages with other priority sectors. However, challenges around implementation linkages, LDF/MASAF supply-side constraints, and consideration of appropriate types of support for ultra-poor households.

Scalable and emergency-linked social protection	<p>Social protection programmes can prepare and plan for climate shocks. Pre-identified adaptation of coverage and duration of existing programmes include:</p> <ul style="list-style-type: none"> <li>- the adjustment of transfer amounts or values</li> <li>- the introduction of extraordinary payments or transfers</li> <li>- modifications to programme rules and the relaxation of requirements to facilitate participation</li> <li>- opportunity for rapid expansion to non-beneficiaries.</li> </ul>	Low	<p>The issue of ‘scalable’ social protection to expand coverage is starting to be discussed in Malawi at specific programme levels. For example, expansion of school meals coverage, increased value of SCTP and LDF/MASAF. However, these were not pre-planned, they were scaled up as the effects of <i>El Niño</i> were becoming known, therefore have been subject to slow administrative and funding procedures.</p>
	<p>Social protection coordinates with emergency response sector.</p>	Emerging	<p>Examples of greater co-ordination between humanitarian sector and social protection actors, particularly in identifying target groups. However, programming and systems currently remain separate (see section 5).</p>

## 5. Shock-sensitive social protection systems

Systems and operational capacity are crucial for implementing shock-sensitive social protection. The Government of Malawi (GoM) and development partners are investing in building systems in the country, including information systems and a National ID system to register all Malawians by the end of 2017. In the social protection sector there is specifically a ‘systems-strengthening’ component of the MNSSP, with the implementation of a UBR currently being rolled out to harmonise targeting of social protection programmes. A number of development partners have systems-strengthening objectives in their programme-support packages.

In this section, we synthesise existing experiences in strengthening three components of the social protection system and the implications for shock-sensitive social protection, namely: targeting, data and information systems; delivery systems; and early warning systems.

The key messages emerging from this section are that *key investments are being made in the systems that underpin social protection programmes*, which are important for the timely delivery and effectiveness of social protection programmes, as well as being the necessary building blocks for moving towards a more complex and scalable social protection system in the future. However, key challenges for moving towards a shock-sensitive social protection approach that addresses seasonality as well as climate shocks include the *limitations in the UBR* of only registering 50% of the population, and a focus on income-poverty indicators that does not capture household vulnerability to the risk of seasonality or shocks, or food and nutrition insecurity. The *fragmented approach to innovations in delivery systems and slow progress to ensure financial inclusion of the poor* are also challenges for creating common infrastructure between social protection and emergency response. More work is needed to focus on operationalising these at a national level. *Early warning systems are underdeveloped, however some capacity exists and this is being strengthened to improve weather services and EWS*. Progress in this area has two main implications for MNSSP programmes: firstly, how EWS can provide relevant information to inform social protection programmes far enough in advance to alter programme design or implementation; and secondly, how EWS or climate information can be provided to social protection beneficiaries. A system for early warning and early action that is based on forecast information at seasonal, sub-seasonal and short-range level could support both the delivery of benefits in anticipation of a shock, as well as climate information services to beneficiaries in advance of expected weather conditions.

### 5.1 Targeting, data and information systems

#### *Information management systems*

The introduction of the information management systems, particularly the Unified Beneficiary Registry (UBR) is an important recent development in the social protection sector, and is a key priority area in strengthening social support programmes in Malawi. Data collection for the UBR is currently under way.

The UBR aims to overcome institutional coordination and duplication challenges around targeting and information (MoFEPD, 2015).<sup>15</sup> It is a ‘national platform used for entering, storing, accessing and sharing household data for the implementation of social protection programmes in Malawi’ (GoM, 2016). One of its objectives is also to provide a harmonised targeting mechanism for identifying social protection beneficiaries, but it should be emphasised that the UBR in itself is not a targeting tool – it is a registration and management information tool that only collects the data to be used to apply targeting methodology.

The UBR has two components: a management information system (MIS) and a single registry (database). The vision is to provide an automated MIS and a single platform for accessing, storing, analysing, sharing, and reporting indicators across social support programmes in the country. In

<sup>15</sup> Specifically, it aims to overcome the lack of coordination at national, district and community levels, the lack of a single targeting mechanism, and the lack of a single registry for targeting the ultra-poor, moderate poor and poor households (MoFEPD, 2015).

theory, it can also be used by programmes and services in other sectors too. The beneficiary registry is expected to provide information on households receiving social support services, the location of services, the type of support provided, and a common tool for accessing information on household eligibility. The UBR is a web-based framework, and provides information aggregated at national, district, community, household and programme level (MoFEPD, 2015).

### ***UBR in practice***

At present, the UBR is collecting data for SCTP and LDF/MASAF beneficiaries (*ibid.*), and is being implemented under MASAF IV (which started in March 2015).

The UBR administers a survey to 50% of the poorest households in the district – a list of households that is decided at the community level. These households are then grouped into wealth categories: poorest, poorer, poor, better, rich. It is important to note that there is no ranking of households within these five categories. Proxy means-tested (PMT) targeting methodology is then applied to identify the poorest 25% of households that are eligible to receive the SCTP (identified as the ‘poorest 10%’ based on indicators including labour capacity) and the LDF/MASAF (the next ‘poorest 15%’ who have some labour capacity).

The UBR is currently being rolled out nationally, with emphasis on the 11 districts under additional financing by the World Bank. Extension workers are used as the enumerators – author interviews note that approximately 80% of the data collection is done on tablets and 20% is done on paper (due to limited access to tablets or problems with connectivity). At the time of this study, data was available from a pilot in two districts (Nkhatabay and Dedza), using harmonised community-based targeting and PMT for SCTP and LDF/MASAF beneficiaries (referred to as the joint SCTP/PWP information management system), and a pilot in Dedza testing the feasibility of harmonising MVAC and social protection beneficiaries.

With regards to the first pilot – harmonised targeting for SCTP and LDF/MASAF PWP beneficiaries – the aim is to learn lessons to expand the UBR nationwide over time (it is set to expand to an additional 10 districts during 2016/17), as well as expanding the number of programmes that will be able to use the data for targeting (including beyond the social protection sector)<sup>16</sup> (Kardan, 2016). The 16 districts already covered under the SCTP will be retargeted using the UBR approach (Faruq and Chirchir, 2015).

The second pilot is run by WFP and the INGO consortium, and is testing the feasibility of using the UBR to identify beneficiaries to receive MVAC assistance in Dedza. The trial has taken place in two TAs in the district (one each for INGO cash and WFP food TAs,<sup>17</sup> both being implemented by UP) (see Box 2). This is also an important area to look at in the context of shock-sensitive social protection as it is examining the potential to use a common platform to harmonise information systems for social protection and humanitarian response (as discussed above, the MVAC 2016/17 response targeted, registered and delivered food and cash transfers to 6.7 million Malawians).

### **Box 2: The UBR MVAC pilot**

- The UBR generates the first list of beneficiaries in lieu of the Village Civil Protection Committees (VCPCs) creating the list under normal MVAC processes.
- The implementing partner takes the UBR lists to the community, who endorse households based on their understanding of the Joint Emergency Food Assistance Programme (JEFAP) criteria. Households not on the UBR can also be endorsed.
- Endorsed households are screened and registered using JEFAP tools.
- If possible, the implementing partner verifies and updates the data, or records new households, and pushes information to the UBR.

<sup>16</sup> There are future plans being discussed about including a broader set of programmes such as the Farm Input Subsidy Programme and the National Health Insurance Programme.

<sup>17</sup> United Purpose is the implementing partner for both WFP and the INGO consortium, providing humanitarian assistance to 31% of Dedza district for the 2016/17 lean season.

Source: King and Tranchini (2017)

There are a number of reasons why using the UBR as a common platform to link social protection and emergency response is beneficial. These include:

- **Improved information-sharing between social protection and MVAC actors and institutions:** The MVAC secretariat and UBR task force currently both sit under MoFEPD, offering potential linkages between the two processes to share information more systematically and improve both targeting systems (SRSP panel, 2016);
- **To inform and update data on household vulnerability to seasonal food insecurity:** The UBR database could potentially be used to support MVAC targeting, and, at the same time, MVAC data-collection processes could help to update the UBR. Benefits could arise from using the MVAC seasonal targeting and registration process to enrich the UBR database, and vice versa (ibid.);
- **Time and cost efficiencies:** Resource and time savings can be made to identifying households in need of emergency response by using the UBR as an MIS with demographic information from the UBR along with an ID. Once a household is identified for MVAC by the community, their ID could be used to populate the JEFAP screening tool with static data (King and Tranchini, 2017).
- **Scaling up social protection in the context of emergencies:** International experience shows that administrative registries that contain data on both beneficiary households and other vulnerable households can be useful, particularly to scale up horizontally in the context of emergencies. For example, Kenya's HSNP runs a census-style registration of every household in the geographical region it covers, then assigns long-term social protection support to a minority that are the poorest (known as 'Group 1').

Our current knowledge of the UBR points to a number of challenges that need to be discussed further and overcome as the UBR is rolled out, however. In relation to shock-sensitive social protection, these challenges centre around: a) the appropriateness of data and indicators collected; b) the regularity of updating information; c) accountability and trust in data; and d) capacity constraints.

#### ***Appropriateness of data and indicators collected***

There are three key issues around data collection, targeting and indicators used.

Currently, data is collected from 50% of the poorest households in the district. The 50% figure is imperfect – both in terms of the absolute figure, and the process of choosing the 50%. The absolute figure is a result of using the national poverty line (51%) as a cut-off point in the context of limited resources to fund a 100% roll out. From a shock-sensitive perspective, collecting data on only 50% of the population is limiting, not least because climate shocks and production failures can affect others – not just the poorest. In terms of the process of choosing the 50% to collect data on, this is also contentious. Discussions with interviewees suggest that the initial listing of the 50% is not accurate, with inclusion and exclusion errors, incorrect ranking, and limited grievance mechanisms in place (at the time of writing, these are just being developed and implemented).<sup>18</sup>

The 50% cut-off has been recognised as a limitation, and there has been discussion as to whether the UBR questionnaire can be integrated into the 2018 national census to allow for 100% coverage. However, it is unclear how this will happen in practice, due to challenges around the validity of data if

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<sup>18</sup> The fact that chiefs are excluded from the initial 50% listing has pros and cons, depending on who you talk to; and there is a suggestion that enumeration should not be done by extension workers and others within the community although they do not make the decisions about who the 50% are – this is done with the help of the Community Social Support Officers (Author interviews).

the two processes are linked,<sup>19</sup> data protection and institutional coordination. With no national identification number linking household information in the UBR database, this limits how household information can be used more broadly (e.g. for targeting other services etc.).

A second issue relates to observations from the district that highlight some initial challenges with the targeting process in the harmonised pilot (SCTP and LDF/MASAF) in Dedza. It was noted that arbitrary cut-offs may occur between the two target groups once the respective programme quotas have been filled, which results in households that should be targeted by the SCTP being pushed onto the LDF/MASAF PWP list if the number of SCTP beneficiaries has been exceeded<sup>20</sup> (author interviews). This is particularly problematic given that those in the SCTP target group are, in theory, labour constrained.

The third issue relates to the appropriateness of the indicators being used by the UBR questionnaire to gather household information – and therefore being used for targeting.<sup>21</sup> The SCTP and LDF/MASAF PWPs are currently targeted according to poverty indicators, which include indicators on food security and vulnerability to seasonal and climate shocks, but are largely focused on economic measurements of poverty (e.g. assets, labour availability).

The UBR questionnaire (reviewed by the report authors in February 2017) includes questions on seasonal food insecurity – but focuses on own food production and crop failures, rather than household ability to buy food. Food security questions are also very time sensitive – they ask about household food consumption in the last week – which means that answers will vary significantly depending on whether data is collected in the lean season or after the harvest, whether households have been unusually affected by the impact of *El Niño*, etc. Moreover, these questions only capture food production and consumption, not the quality or diversity of food consumed.

Vulnerability to covariate shocks is only captured through a question about whether households received any assistance (including MVAC) in the last 12 months. However the global positioning system (GPS) targeting data, which is collected when tablets are used, could be a useful tool to assess households affected by visible shocks (e.g. floods), and pre-identify these households as ‘at risk’ of climate shocks.

In sum, this version of the UBR questionnaire only goes some way to identify household vulnerability to annual predictable food gaps and climate shocks. We acknowledge that the UBR questions were expanded to include additional indicators, however, including those needed to target a humanitarian response under existing JEFAP criteria. However, this is not sufficient for the UBR to serve as an up-to-date targeting tool in case of shocks. At the time of writing, JEFAP criteria are under review, offering an opportunity to see how to better address vulnerable populations who participate in social protection programmes (King and Tranchini, 2017).

### ***Frequency of information updates***

Under current plans, the UBR data will be updated every four years. However, there are emerging discussions on how rolling or more regular update mechanisms could be applied. Having a gap of four years has been recognised as a key challenge, given the changing and fluid nature of poverty and vulnerability in Malawi. Moreover, if households are missed in one round of data collection (as mentioned above, and also see capacity issues below), it will be four years until they can be integrated into the registry. If all programmes were to use the harmonised targeting approach – and if there were significant exclusion errors by design or implementation – many households will effectively be locked

<sup>19</sup> Barca (pers. comms) notes that there are challenges to linking the census with UBR data collection, including the unintentional perverse incentives for citizens to respond differently to the census data collector if people think it might affect programme benefits.

<sup>20</sup> It is also not clear how the process of targeting PWPs based on catchment areas works via the UBR.

<sup>21</sup> Also note there have been challenges with matching the zones and clusters used by SCTP with the village/TA allocations used by MVAC.



out of receiving support from several social protection programmes until the next round of targeting (Kardan, 2016).<sup>22</sup>

Whilst grievance mechanisms are being developed, they are not being rolled out at the same time as the UBR.

The timing of data is also particularly problematic in the context of recurrent shocks and vulnerability to seasonality: as the need for the JEFAP response in 2016/17 demonstrated, an extremely high number of people were in need of assistance over this period of time. Household assets and needs can change rapidly in the aftermath of a shock – the humanitarian response database is annual and seasonal, and is formed every year as part of the JEFAP response. Other forms of targeting (such as geographic targeting or the use of damage assessments) may be a more appropriate targeting mechanism than household-level poverty assessments (ibid.).

At the same time, experience globally suggests that updating registry databases at a regular interval is challenging (ibid.), and, as we discuss in the subsection below, Malawi has already faced time and cost challenges in collecting data for the UBR. There have been discussions about obtaining some information from households in interim periods (as well as how the JEFAP/UBR pilot is being operated), and it is important to learn from these examples. However, it is also important to note the concerns with updating information in an ad hoc way, which doesn't serve the completeness of the database. In Brazil, the Cadastro Unico administrative registry collects information on all those with per capita household income below half the national minimum wage, although the income eligibility threshold of social programmes is lower than that. This means that the registry contains information on social protection programme beneficiaries and groups that do not qualify for such programmes but who can, nevertheless, be considered as vulnerable. Registry entry is open on a rolling basis, with individuals able to register at any time. Information on registrants is also updated regularly, with a maximum time lapse of two years (Bastagli, 2014).

### ***Trust in data***

Trust in the quality of data will influence whether other programmes or services – such as MVAC response – want to use it. Whilst the National Statistical Office has been brought on board to assist with data quality assurance (with support from GIZ), only 10 officers are overseeing the process. As such, they have had to take a regional focus and group districts, and are not involved in data collection itself, which undermines confidence in the process (WFP, pers. comms). Indeed, author interviews noted the challenges in maintaining data quality, and suggest that the reliability of data is an ongoing issue.

### ***Resource and capacity constraints***

It is unclear what the exact costs of the UBR are. Lessons from the harmonised pilot in Dedza and Nkhatabay suggest that initial costs per household of using an information management system may be high (MKW 14,000 (US\$19) per household). But more recent estimates from the MoFEPD are much lower, at MKW 3,000 per household (US\$4). Another study estimates that the cost of targeting alone is projected as being equivalent to 1.4% of the government budget and 0.6% of GDP, however it is not clear how accurate this data is and it may require updating (Radermacher, pers. comms).

This raises some important questions on the scalability of the UBR approach. Our interview with MASAF staff suggests that administrative costs are currently high, as the UBR is at the initial stages of being set up and implemented, however it is expected that these costs will reduce as the UBR is rolled out. Finding ways to increase cost efficiency through better harmonisation and utilisation across sectors therefore seems valuable. Indeed, the current questionnaire provides a comprehensive list of types of questions that could be used by other programmes – with some small changes it could capture more data requirements, potentially increasing its affordability and cost efficiency if used by other sectors and programmes beyond the SCTP and LDF/MASAF PWP. However, this also requires

<sup>22</sup> In addition, there is an issue around communication to communities – e.g. the purpose of the registry needs to be clearly explained in communities as there is a risk of confusion about why some registered households are receiving regular social assistance while others aren't.

greater inter-agency coordination (as currently programmes operate under different institutional settings with limited overlap), which requires time and negotiations (Kardan, 2016).

Currently, there are no discussions taking place with other sectors, although there is a Task Team to facilitate knowledge-sharing and dialogue across the MNSSP. Author interviews also noted that there are challenges of sharing the UBR information because of data protection, and there is a view that the UBR would ‘take away’ information from their programmes. Clearly there is a need to advocate for and build capacity and knowledge on the UBR, and how it can be used by other sectors.

Another key concern relates to capacity at the local level. Author interviews suggest that the UBR is an additional burden for frontline extension workers, which puts pressure on their already heavy workload. Moreover, we noted that collecting data for the UBR goes beyond the expected tasks for extension workers.

The targeting process is only meant to take three months within each district. However, the experience so far in Nkhatabay and Dedza suggests this to be unrealistic. Author interviews noted that the speed of the process is slower than anticipated, partly because of training extension workers on new mobile technology (using tablets), who often have low levels of education. Although tablets are faster than paper data collection, around 20% is still done on paper (author interviews, January 2017). Other factors include low internet connectivity and/or limited user rights that prevent information from being uploaded, extension officers not given wifi or airtel time to synchronise the tablets, and time taken to reach more remote areas (WFP, pers. comms).

In sum, the UBR is a positive step towards building a harmonised targeting and MIS system for social protection and other relevant sectors. There is recognition amongst stakeholders that the pilots carried out under the UBR offer important lessons as the tool develops and evolves, and that the development of the UBR is a work in progress. It will be important to ensure that lessons are learnt and shared from these experiences and pilots before it is scaled up in other districts (author interviews, January 2017). Currently, roll out of the UBR is happening district by district, and there is a process evaluation underway. However, it is unclear whether there is sufficient space for reflection and any necessary design changes informed by roll-out in each district.

## **5.2 Delivery mechanisms**

Reports suggest that the SCTP and LDF/MASAF PWP face inefficiencies in programme delivery such as ineffective targeting, which results in inclusion and exclusion errors, delays in delivering transfers on time, and lack of integrated MIS and M&E systems that hamper better coordination and harmonisation across the programmes (GoM and ILO, 2015). Whilst these challenges vary by district, they undermine the long-term gains of the programme, and reduce the ability of the programme to support household coping strategies and render linkages with humanitarian interventions more difficult. When households need specific support at particular times of the year – especially in the lean season and/or after-shocks – the timing of transfers is critical.

In recent years, there have been innovations in delivery mechanisms around cash transfers, particularly focused on the use of mobile technology and banking. Pilots have shown that such technology has been effective, when it has worked. Particular benefits include reducing programme staff workload and freeing their time to focus on beneficiaries at the pay point rather than the payment process, and supporting the financial inclusion of poorest households by opening bank and savings accounts. The downside to e-payments, however, is vulnerability to technological problems – especially mobile or internet coverage – and the high start-up costs needed to invest in equipment and training.

In this section, we examine recent innovations in SCTP payment systems, experiences of delivering social protection during emergencies, and experiences of linking emergency and social protection delivery systems.

### ***Recent innovations in SCTP payment systems***

Several different cash-payment modalities have been employed by different implementers of the SCTP in different districts in Malawi. These include manual payments, e-payments, mobile money,

and bank cards. While each modality has advantages and disadvantages, several interviewees commented that the current multiplicity of methods and providers across the different districts, funded by different donors, creates a barrier to harmonisation both within the SCTP and between the SCTP and humanitarian distributions. However, there is no current consensus about moving to one payment method, and pilots are ongoing to examine the feasibility and cost efficiency of different mechanisms. As such, there is a need to share these lessons widely across the different stakeholders, but also to build on what works and scale up. The recently instated Task Force on payment systems represents an important opportunity to build this consensus and move forward its operationalization.

The experiences of using mobile banking or bank cards have been generally positive, but there are limitations, especially in terms of scaling up nationwide. In the Irish Aid-funded pilot that uses bank cards for SCTP beneficiaries in Balaka (with technical assistance from UNICEF), the service provider has set up fee-free bank accounts specifically for SCTP beneficiaries. Interest is paid on any money left in the account (or added by the account holder), thus encouraging its use as a savings account.

Author interviews with district-level officials in Balaka reported that using bank cards has positive effects for both the beneficiaries and the efficiency of the programme. They reported that an increasing proportion of current beneficiaries were using ATMs and branches rather than mobile vans, as they became familiar with the banking system. Over time, the objective is for beneficiaries living within 5km of an ATM or branch to use those, while the mobile vans will go only to hard-to-reach areas. This would be beneficial in terms of convenience, waiting time and opportunity costs, and also substantially reduce the time and costs of the payment system for the SCTP programme. Interviewees also noted efficiencies in terms of staff time, running costs for the vans, and security arrangements. They noted that the major advantage of the banking system is that it greatly reduces their workload and frees them to focus on the beneficiaries at the pay point rather than the payment process: they were engaged with case management, handling complaints, and supporting the community committee members. Using banks instead of manual payments is also reported to have succeeded in delivering regular monthly payments, while in many other areas SCTP distributions are made every two months (author interviews, January 2017).

Similar positive effects have also been reported from the EU-funded pilot using mobile banking and bank cards, with reduced staff time in processing payments (from 15-21 days to five days). This has also enabled implementers to spend more time on monitoring and case management, and has improved consumption-smoothing linked to more frequent payments (Development Pathways, 2016).

As mentioned above, vulnerability to technological problems and the investment needed in equipment and training are downsides to using new technology. Indeed, the pilot experienced difficulties similar to in other low-income countries using new technology in social protection or delivering cash/vouchers in emergency response.<sup>23</sup> The pilots have highlighted that capacity-building for beneficiaries and agents is crucial, and that the supply/provider side is a limitation to going to scale. There have also been difficulties in identifying payment agents with enough liquidity, and challenges of processing payments in places without network connections (point-of-sale devices require strong network connectivity compared to mobile-based solutions) (Development Pathways, 2016).

This obviously has important implications for the possibility of scaling up options such as mobile banking (given the low connectivity issues and lack of payments), and the quality/availability of the supply-side is out of the control of social protection actors. However, part of the problem at present is that SCTP districts and other social protection programmes all operate separately, resulting in fragmentation across the country. Taking a combined approach to social protection recipients – who total over 1 million households – could be more beneficial when discussing bank account options with service providers. Developing a consortium of partners may also be required to effectively run e-payment solutions at scale in Malawi (ibid.; Save the Children, 2016).

### ***Delivering social protection in emergencies***

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<sup>23</sup> See, for example, learnings from CaLP digital payments and new technologies at <http://www.cashlearning.org/digital-payments/digital-payments>

Cash distributions run by humanitarian agencies are generally perceived to be more timely, reliable and regular than those provided via non-emergency social protection. Author interviews suggest that this is because of the high priority given to the timeliness in humanitarian operations, combined with more flexible budgets for operating costs, including payment mechanisms. In other words, the emergency cash-payment mechanisms set up for a few months each year are considered more effective, but also more expensive, than the existing systems for social protection payments (author interviews, January, 2017).

The 2016/17 MVAC emergency response saw the highest number of people in Malawi's history receiving cash transfers. As discussed above, there are challenges with regards to the capacity to deliver some social protection payments on time in some districts. Initial discussions on the automatic inclusion of SCTP beneficiaries to receive 2016/17 humanitarian relief in the form of cash transfers considered using SCTP mechanisms to deliver humanitarian response to the SCTP beneficiaries, but it was decided that it would be more efficient, and operationally easier, to use humanitarian systems instead.

Existing delivery systems are also put under stress in times of emergencies. Author interviews noted, for example, that the SCTP could not reach certain areas during the floods in 2015, so helicopters (operated by DoDMA) were used to deliver payments<sup>24</sup> (author interviews, January 2017).<sup>25</sup> Author interviews also point to the difficulties in delivering meals during floods if school infrastructure is damaged, as the school is the central distribution point (ibid.). Similar problems do not exist during droughts.

It is important to note that whilst emergency delivery systems are well-run, they also encounter challenges. An example of this is the recent attempt to operationalise coordinated vouchers to MVAC beneficiaries. Observations were made from the field visit to Chikwawa district where beneficiaries had been receiving MVAC food assistance in the form of cash, but because of maize price rises it had been switched so that part of the transfer was delivered in-kind as a voucher to be exchanged for maize at the distribution site. Since the field visit took place on the first day of operating the voucher distribution, it is not surprising that technical problems were encountered: specifically, the card-reader operated by the maize wholesaler (Rab) was not working. The implementers were able to work around this problem to ensure people received their maize ration on the day, by reverting to a paper register and inked fingerprints. But this highlights the need for flexibility in payment systems, especially when confronted with unforeseen challenges.

### ***Linking social protection and emergency delivery systems***

The wider literature suggests that there are significant gains to be made in cost-efficiency and timeliness if an established cash-payment system for long-term social protection can be used temporarily for emergency transfers instead of setting up a separate, parallel mechanism (e.g. 'piggy-backing') (OPM, 2015). Indeed, author interviews emphasise that the technical capacity to use social protection systems to respond to emergencies is developing. For instance, the First Merchant Bank manager in Balaka reported that it would be feasible with this system to implement a horizontal expansion of cash payments within 10 days, provided the money was made available to the bank. The bank's process for registering beneficiaries and issuing pre-opened bank cards with account numbers (once the beneficiary list has been provided) has speeded up since the beginning of the pilot: about 600 beneficiaries could be registered by one van in one day. A vertical expansion (i.e. a top-up payment of additional cash to all existing beneficiaries) could also be done as soon as the bank received the additional money, as no further targeting or new cards would be needed (author interviews, January 2017). Moreover, author interviews on the SCTP MIS were also positive about the potential to use SCTP in the future to respond to emergencies, noting that, 'technically', the MIS can be adapted quickly and relatively easily to monitor 'add-ons' (ibid.).

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<sup>24</sup> The implication is that this requires a lot of coordination with DoDMA.

<sup>25</sup> To assess how the social protection system is affected by a given shock, there is a proposed amendment to the rapid assessment form to be tested in Salima after the floodings (activity planned under the contingency plan) (UNICEF, pers. comms.)

Interviewees noted two additional challenges to using existing programmes to scale up in emergencies. The first relates to the calculation of a ‘top-up’ of the SCTP, due to the different transfer amounts that beneficiaries receive (based on the number of household members, children of school-age etc.). This was a challenge in the recent automatic inclusion of SCTP beneficiaries. Because SCTP households receive different transfer values, calculating the amount required from the MVAC assistance would have been a challenge – especially as the amount for MVAC fluctuates each month (MVAC is calculated on a percentage of the SPHERE food basket). In the 2016/17 MVAC response, this was deemed operationally difficult, and therefore it was decided that full MVAC rations would be given to SCTP households.

The second challenge raised was the complication of different types of transfers being delivered in emergency response (where cash, food or vouchers are commonly distributed) compared to regular social protection provision, which predominantly transfers cash. Whilst there is agreement by the international community that cash transfers should be the choice of transfer in emergencies where appropriate (Humanitarian Policy Group, 2016), in Malawi a combination of cash and food (and sometimes vouchers) is transferred, based on a market assessment in each TA. As a result, one of the biggest challenges around using SCTP systems is that they can only deliver cash, which is incompatible for humanitarian assistance where markets are not viable (WFP, pers. comms).

In sum, there is significant *future potential* for social protection information systems and delivery infrastructure to flexibly respond to unanticipated shocks through increased coverage and ‘top-ups’. The ways in which the SCTP MIS is being developed (and the UBR discussed above) – and the potential of the banking system to rapidly get money to beneficiaries and non-beneficiaries if they are registered and know how to use bank accounts – support the future potential of greater alignment and harmonisation for using social protection in emergency responses.

Whilst improvements are being made in delivery systems with support and innovation from development partners, the social protection system as a whole is not yet in a position to realise such gains at scale, because the cash-payment systems and infrastructure for delivering social protection still have a long way to go in terms of effectiveness (in delivering regular, timely, predictable payments to beneficiaries across all districts) and standardisation.

Malawi has a wealth of knowledge and experience from humanitarian cash-transfer operations that could be used to understand how to strengthen the social protection system, and to build capacity for smoother interaction of the two systems in the future, however.

### **5.3 Early warning systems**

#### ***Weather early warning systems***

Systems to provide advanced warning for weather events are underdeveloped in Malawi, but some capacity exists:

The Malawi Department for Climate Change and Meteorological Service (DCCMS) disseminates:

- a. seasonal and shorter-term forecasts to user agencies and the public for droughts
- b. forecast information for rainfall, which includes (1) seasonal, seven-day and daily forecasts; (2) severe weather warnings for strong winds/storms and cyclones; and (3) 50mm-threshold warnings.<sup>26</sup>
- c. Agro-meteorological forecasts include (1) seasonal forecasts (3 months); and (2) 10-day agro-meteorological bulletins.

<sup>26</sup> The mandate for issuance of warnings is split across DCCMS and the Water Resources Department (under the Ministry of Irrigation and Water Development). The DCCMS’s role is to provide early warning to the Water Resources Department, which has the jurisdiction to give early flood warnings. DCCMS also provides prognostic climate and weather information to the Shire River Water Management Programme, which is funded by the World Bank. In turn, the recipients of this information develop early warning messages.

The dissemination of climate and weather warnings to the public is not well established, with seemingly random triggers leading to warnings. The declaration of a disaster (especially drought) itself can be politicised.

However, progress is being made in improving forecasting and dissemination of early warning. In 2014, the DCCMS began producing and disseminating disaggregated weather forecasts at district level, helping farmers to make decisions based on information specific to their district, rather than region. It is likely that the reliability of the warnings and forecasts produced by DCCMS will improve in the coming years following substantial investments being made by development partners (as described below).

At present, there are two major donor-funded programmes to improve weather EWS in Malawi: the Global Framework for Climate Services led by the World Meteorological Organisation, and Scaling Up the Use of Modernised Climate Information and Early Warning Systems in Malawi, which is funded by the Green Climate Fund (GCF) with technical support from the United Nations Development Programme (UNDP). The former is in full operation, while the latter is in its early stages as funding has yet to be released by the GCF.

At the district level, DCCMS also supports seven district-level ‘climate centres’, which are established centres within district governments for interpreting and using climate and weather information services. These centres receive posters with weather information and have had some training. There are also a number of village-level climate centres, which are pilot projects. More information is needed on the efficacy of these centres.

In community-level consultations, farmers expressed the desire for forecasts specific to their areas. A skilled disaggregation of weather information at TA level could help farmers to make informed planting decisions, where the capacity exists to change on-farm practices.

In addition to the DCCMS EWS systems, there is also a community-based flood EWS functional in a small number of communities.<sup>27</sup> Malawi Red Cross, Christian Aid and World Vision have been particularly active in establishing community-based EWS with specific focal communities. These projects use the common river pole system, whereby simple coloured poles help community members to identify danger levels (green, yellow and red). These systems, when functioning as planned, are effective at giving an early warning of a few hours or days for flooding conditions in downstream communities. They do, however, require the consistent engagement of volunteers to monitor river levels and make phone calls, and a functioning mobile network. They are not suitable for flash flooding as the lead time provided is typically insufficient.

Key findings that are relevant for the design of a shock-sensitive social protection system include:

- **Despite low levels of development until now, weather services and EWS are a growing priority for the GoM and international donors.** It is likely that the reliability of the warnings and forecasts produced by DCCMS will improve in the coming years following substantial investments being made by development partners.
- **Early warnings are only valuable if used to make a decision at local level; this requires additional support.** In the case of Malawi, additional support will be needed to downscale the forecasts in a way that helps users make decisions. The use of local structures can help. There is a boom in community radio, which could provide an excellent opportunity to give radio forecasts for specific areas at sub-district level, in local languages, etc.
- **Staff in DCCMS are keen to better integrate weather and climate information into social protection programmes in addition to creating greater literacy on climate change and weather forecasts among institutions and the general public.** DCCMS is aware of and concerned about forecasts being misunderstood, which happened frequently in the most recent *El Niño*. During interviews, they suggested multiple steps forward to formalise the provision of weather information for social protection, including producing a training on

<sup>27</sup> One example of a small-scale flood EWS using river poles is a project by Christian Aid ([http://ec.europa.eu/echo/files/aid/dipecho/malawi\\_christian\\_aid\\_en.pdf](http://ec.europa.eu/echo/files/aid/dipecho/malawi_christian_aid_en.pdf)).

climate change and weather forecasting for social protection practitioners, and establishing a desk officer for social protection within the meteorological service once plans for shock-sensitive social protection have been further developed.

### *Food security early warning systems*

MVAC conducts bi-annual vulnerability assessments and analysis in May and October using a livelihood-based analytical framework known as the Household Economy Approach. The approach uses primary and secondary data to assess how people's livelihoods operate in a normal situation, the consequences of being exposed to a shock(s), and strategies used by the household to survive and protect their livelihood systems. Shocks may include drought, dry spells, price changes, and loss of labour opportunities. As of 2017, this information feeds into the Integrated Food Security Phase Classification along with Nutrition Survey Reports and Food Security Reports and other information provided by stakeholders, which classifies the food-security situation at district level (from none, stress, crisis, emergency, to famine). Analysis is also undertaken to ensure the right support modality (e.g. cash, food, vouchers, or a combination) is chosen at the right time, based on market assessments, food prices and the realities of providers delivering cash (e.g. geographical coverage, liquidity), with the flexibility to shift between modalities.

Global EWS, such as the Famine Early Warning System Network (FEWSNET), are also in operation in Malawi, and SERVIR has produced a vulnerability-mapping tool to inform decisions on a medium time-scale.

## 5.4 Summary

**Table 6: Systems: progress towards a shock-sensitive social protection system**

Components of a shock-sensitive social protection system	Features of shock-sensitive social protection	Level of progress towards features in Malawi	
		Traffic light	Key messages
<b>Targeting, data and information systems</b>			
Cross-cutting social protection components	Registration system linked to national civil registry.	Emerging	Discussions under way on this.
	Registries are regularly updated, grievance mechanisms are in place.	Low	The UBR will be updated every four years, however seasonal vulnerability affects households annually and shocks can significantly change households' poverty and vulnerability status. Grievance mechanisms are only just being developed.
	M&E: Measure outcomes and impact of seasonal vulnerability, and use the findings to inform operations.	Low	Programme M&E tends to not monitor programme impacts considering seasonal vulnerability.
Resilient and promotive, and seasonal social protection	Targeting systems enable identification of at-risk areas and individuals for vulnerability to chronic and seasonal food insecurity and climate variability.	Emerging	The current UBR is an important step towards collecting and utilising data on poverty; but types of indicators used are problematic for shock-sensitive social protection, which requires information on

			seasonal vulnerability, food insecurity, risk of shocks, etc.
	If giving top-ups to regular beneficiaries, there is still a need to have a system for reaching other affected households.	Emerging	Emerging practice within the social protection sector to automatically include social protection (SCTP) beneficiaries.
Scalable and emergency-linked social protection	Creation of a data-triangulation service for humanitarian agencies to coordinate with the UBR, and knowledge on how to use this in humanitarian contexts.	Emerging	UBR pilot recently conducted.
<b>Delivery systems</b>			
Resilient and promotive, and seasonal social protection	Timely delivery of transfers/benefits.	Emerging	Timely delivery of transfers in social protection programming is absolutely critical for achieving programme objectives: programmes in Malawi continue to suffer from delays in transfers, which reduce the effectiveness of programmes.
	Effective payment system with flexibility for households to switch between types of payment modalities when required (ability to overcome cash liquidity in affected areas).	Emerging	Recent pilots and experimentation on the use of e-payments, mobile banking, etc. demonstrate good progress; but there are still challenges to be overcome to enable wide-scale roll out of e-payments. This is important for progressing with shock-sensitive social protection, especially to support financial inclusion and efficiency gains, but is not a pre-requisite – these payment systems can be developed at the same time (the most important issue here is that the transfers are delivered on time as expected).
Scalable and emergency-linked social protection	Established partnerships and payment operating systems (reduced time and costs).	Low	No formal procedures or partnerships in place.
	Flexibility of payment providers to bring in staff from other regions (e.g. prepared for in existing plans).	Low	Not presently – currently only an emerging issue to link social protection and humanitarian.
	Adaptability of payment schedules and modalities (but still require predictable payment).	Emerging	There is awareness of the need to adapt payment schedules and modalities, e.g. minimising number of cards for accessing benefits.
<b>Early Warning Systems</b>			



Cross-cutting social protection components	Information and monitoring of information.	Emerging	There is good skill of forecast and significant investment in this area in recent years.
Resilient and promotive, seasonal, and scalable social protection	Communication of early warning messages.	Emerging	Weak for weather-forecast EWS, good for food-security EWS.
Scalable and emergency-linked social protection	Action plan linked to forecast or early warning that includes social protection.	Low	To our knowledge, social protection is not currently included as a sector in the weather-forecast EWS or in the food-security EWS.

## 6. Financing shock-sensitive social protection

The financing of shock-sensitive social protection must strike a balance between achieving sustainable support for long-term programmes to reduce chronic poverty, and access to additional finance to support temporary expansion of programmes in times of greater need. It should link to Malawi's overall disaster risk financing (DRF) framework, which includes funding for humanitarian and emergency response activities as well as longer-term interventions.

In this section, we provide an overview of key elements to take into consideration for financing a shock-sensitive social protection system that reduces chronic poverty and addresses seasonal gaps on a long-term basis. We also consider financing of a scalability component of such a system. This study does not aim to provide recommendations on the financial architecture of Malawi's entire DRR system.

Overall, this analysis shows that social protection budgets are mostly donor-funded, and Malawi's mobilisation of domestic resources for the sector remains low across all programmes under the MNSSP. Multi-year commitments exist, but still depend on project-driven donor funding, which is highly fragmented. In addition, serious concerns about public finance management severely constrain programme delivery and is a key issue to be addressed.

In Malawi, the main instrument for dealing with disasters is ex-post, namely, humanitarian appeals after MVAC figures are produced. A scalability mechanism with a set of financial instruments to adequately address different magnitudes of risks does not exist in Malawi. While the country has some limited experience with ex-ante financial instruments such as insurance, they don't form part of a coherent financing system of risk management. The financing of a shock-sensitive social protection system in Malawi should include a shock-responsive mechanism for anticipating and responding to a pre-determined need, as well as links with a humanitarian response system.

### 6.1 Financing sustainable multi-year and seasonal social protection programmes

Key features of financing long-term social protection programmes – including those that are shock-sensitive – include:

- Government commitment and ownership of the shock-sensitive social protection system through domestic funds and resource delivery through government structures with sufficient implementation capacity.
- Sustainable multi-year funding commitments that are adequate to support fluctuating levels of need, including across seasons.
- Good financial management of public expenditure, ensuring funding is available when needed and as planned.
- Donor coordination, ensuring external contributions are well managed and provide maximum benefit to the programme.

Below, we provide an analysis of the status of these key features in Malawi.<sup>28</sup>

#### *Government commitment and ownership through domestic financing and delivery*

Overall, Malawi is highly dependent on donor financing, although the level of external financing varies across sectors. In 2014, external donor support represented 16% of the country's gross national income and amounted to 75% of government expense (World Bank, 2017a). Following a major public financial management scandal in 2013 (known as 'cashgate') the level of on-budget development assistance received by Malawi declined dramatically (Clarke et al., 2016). This has restricted the government's ability to improve fiscal space and increase long-term funding across all sectors.

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<sup>28</sup> O'Neill and Hall (2016) provide a more detailed analysis of the financial landscape of social protection. Here, we only provide an overview that focuses on relevant aspects.

Social protection budgets are mostly donor-funded, and Malawi's mobilisation of domestic resources for this sector remains low, across all programmes under the MNSSP. For instance, 90% of the SCTP's budget is externally funded (O'Neill and Hall, 2016). The Government of Malawi has recently increased its contribution to the SCTP, doubling it (UNICEF, pers. comm.)

It is worth noting that this is also true for DRM activities in Malawi (including DRR and mitigation), as well as the MVAC secretariat's activities (author interviews; MVAC, 2016). The scope and budgets of DRR activities are quite constrained, and much of the support that reaches government is focused on supporting policy change (author interviews). At the time of this study, it seemed only the UNDP was providing direct support for the government-led DRR programme, which was nearing its end. It is unclear whether additional resources will become available for this area (ibid.).

However, this is not the case for all programmes. The 'MVAC response' received higher allocations of domestic financing (according to data collected during field work, 40% of its financing is from the government in the form of maize), as well as significant funding from external donors with large humanitarian programmes. The cost of the exceptional emergency response during the 2016/17 lean season was estimated at US\$395.1 million (GoM, 2017).

In the agricultural sectors around 85% of FISP's budget, which combines social protection and agricultural productivity objectives, is financed by domestic allocations (Van Meerendonk, n.d.; author interviews). According to the World Bank (2016), pilot reforms to the FISP programme (which has been an inefficient programme) have the potential to open up fiscal space for investments in resilience and social protection.

In the social protection sector, development partners are advocating for stronger government commitment as a prerequisite for expanded support (author interviews). While it is unclear whether the government plans to increase commitments to social protection, the MNSSP review process, as well as the MGDS III, offers an opportunity for advocating for increased domestic resources for social protection in general, and shock-sensitive social protection in particular.

In addition to low levels of domestic financing, Malawi faces two interrelated challenges to the delivery of social protection resources through government systems. First, social protection structures on the ground are weak and have low capacity to implement. For instance, SCTP programme delivery in the one district financed by government has faced significant implementation challenges, including disbursement delays (author interviews; O'Neill and Hall, 2016). In addition, restrictions on direct budget support hinder the country's ability to manage development and humanitarian funds and channel them to local levels of implementation. This impacts the government's ability to operate social protection activities on the ground, weakening already inadequate implementation capacity at district level. An exception to this might be the LDF, which channels finances to the Ministry of Local Government at district level, however the programme seems to have been beset by accusations of funds mismanagement (author interviews).

From a district-level perspective, funding for the MNSSP comes from different sources, which puts pressure on the district administration to reconcile multiple accounts and provide varying accountability depending on the source and model of funding (O'Neill and Hall, 2016). Other sectors face similar problems: for instance, most significant funding for DRM activities is implemented directly by international agencies and NGOs.

#### ***Adequate multi-year commitments for fluctuating levels of need across seasons***

NSSP programmes have multi-year project funding cycles that last, on average, four years (ibid.). However, because this funding is donor and project dependent, it is relatively unpredictable beyond the project cycle. In some cases, gaps in project funding have created gaps in coverage and delays in NSSP payments – as seems to have been the case in Balaka, where payment of benefits has been delayed by over five months at the time of research (author interviews).

The MVAC assessment process is also 'poorly funded through an ad hoc or "piecemeal" approach to securing funds, and therefore cannot make long-term plans or effective use of current resources'

(MVAC, 2016: 38). Inconsistent funding also makes it difficult to sustain longer-term links with other programmes and projects, and useful dissemination platforms are affected.

Despite the MVAC response process occurring on an almost yearly basis, multi-year funding is not available, in part because most financing comes from humanitarian funds, which are not committed on a multi-year basis (although some donors may have a multi-year budget that enables them to fund a response every year on a case-by-case basis). In practice, there is then an almost yearly process of fundraising for the response aimed to cover seasonal needs. This also might include implementing all processes anew every year – including targeting, registration, and establishment of delivery and payment mechanisms. Since 2005, the same type of MVAC response has occurred every year, except on two occasions, in the 2009/10 and 2010/11 agricultural seasons.

### ***Good financial management of public expenditure***

Malawi has a track record of weak fiscal discipline, leading to macroeconomic instability (Clarke et al., 2016). This has deteriorated further following the decline of on-budget development assistance after the 2013 ‘cashgate’ scandal, so that the government persistently runs large fiscal deficits.

Mismanagement of public funds continues to be a serious concern in Malawi, constraining the ability of government to manage development funds. But some progress has been made. The World Bank recently approved an US\$80 million credit to the GoM for general budget support to agriculture for the first time in four years, with the objective of supporting ongoing public finance reforms (World Bank, 2017b). More progress is needed, however, in public finance reforms and in increasing the government’s management of funds in a transparent and accountable way in order for long-lasting measures for poverty reduction to succeed.

In the social protection sector, development partners are now supporting the government in conducting a public expenditure review. This is intended to generate evidence and analysis on the efficiency, effectiveness and sustainability of social protection expenditures, and will inform the future design and reform priorities of social protection interventions, especially basic social assistance programming (author interviews).

### ***Donor coordination to ensure external contributions are well managed***

Support to the NSSP pillars is highly fragmented across donors. None of the five programmes within the NSSP currently has a single, harmonised approach to funds management, largely due to the varying appetite for risk (O’Neill and Hall, 2016). Subsequently, DCs are burdened by the multiple funding mechanisms and related management and reporting requirements.

While the NSSP makes a provision for establishing a SSF, this scheme has not yet materialised. The SSF would use a basket-funding mechanism, which would include government funds, long-term guaranteed contributions from development partners, and private-sector contributions (GoM, 2012b). However, limited programmatic or financial coordination – as well as donor concerns over fiduciary risks – mean that there is little appetite amongst donors to establish a common funding mechanism in the short term (O’Neill and Hall, 2016).

Stronger donor coordination around programme objectives, design, implementation and funding modalities is crucial. Addressing the constraints to establishing more harmonised financing and reporting approaches is also essential, and a key priority in the medium term is to establish the building blocks for a SSF, supported by the right oversight mechanisms.

## **6.2 Financing scalable social protection in response to shocks**

### ***Key features of a financing system for shock response***

A shock-sensitive social protection system that is able to act quickly to avert an impending disaster or deal with its impacts requires support from a financing mechanism that provides liquidity in a fast, reliable and objective manner. The following principles of DRF can be used to plan for the potentially significant but uncertain financing needs for sudden expansion of both a social protection programme and humanitarian system.

- *A scalability mechanism with diverse financial instruments to adequately address risks.*

- *A scalability mechanism is supported by ‘ex-ante’ financial instruments.*
- *Established rules define expansion of a safety net following a shock event.*
- *Financing modalities for dealing with climate shocks are linked to pre-agreed, objective indicators, such as those based on forecasts or observed weather information.*

One example of a programme that uses some of these principles is NUSAF III in Uganda (see Box 3).

### Box 3: Financing of the Northern Uganda Social Action Fund

Administered by the Office of the Prime Minister, the third Northern Uganda Social Action Fund (NUSAF III) is being implemented until 2021 in 56 districts of Uganda. The public works component provides beneficiaries with seasonal transfers in return for their labour, with the objective of sustaining and increasing their assets and smoothing consumption during lean seasons.

Building on the achievements of previous projects, NUSAF III now includes a DRF component to help address the impact of disasters in the northern region of Uganda. It will utilise the public works component as a delivery channel to increase financial assistance to affected households upon identification of a shock event, using established targeting and payment systems to select and transfer funds.

The overall project has a budget of US\$130 million, of which the majority is to finance ongoing needs and expansion of the programme. The DRF component has a budget of US\$12 m., of which US\$10 m. is allocated to fund scale-ups and US\$2 m. is to build the system and capacity – including data systems and communication technology to gather reliable and timely data for risk analysis and for triggering the scalability mechanism.

The DRF mechanism uses satellite images of vegetation, combined with ground data and reports made by a technical inter-ministerial team together with key food-security partners (WFP, the Food and Agriculture Organization and FEWSNET) to determine if there is evidence of likely crop failure. If a pre-defined threshold is met that indicates drought conditions, then a temporary expansion of the PWP will be triggered.

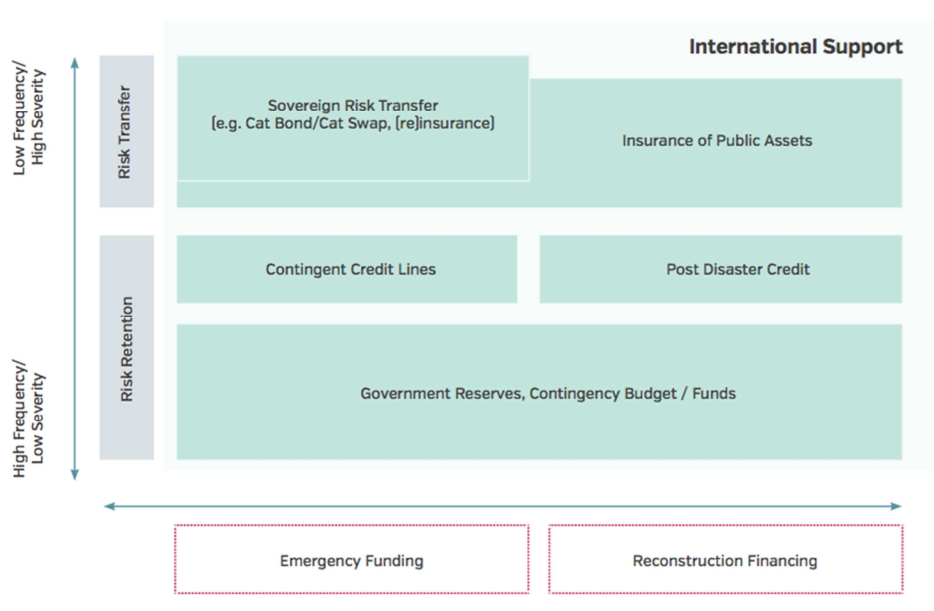
The DRF mechanism became fully operational in June 2016, and initially covers the seven districts of the Karamoja sub-region in northern Uganda. It was triggered in all seven districts by August 2016 due to drought conditions across the region, however, therefore the government is implementing an expanded PWP over the 2016/17 lean season.

A scalability mechanism requires consideration of the potential costs and benefits of a range of financial and budgetary instruments, including emergency budget reallocations, contingency funds, insurance, and emergency appeals from the international community. The World Bank (2015) suggests a ‘risk-layering’ approach, as indicated in Figure 5. This framework suggests that it is most cost-effective to: i) finance frequent but relatively low expenditures through reserves or contingency budgets; ii) finance medium-impact events through contingent lines of credit, and iii) finance low-frequency but high-impact events through mechanisms such as insurance that transfer the risk away from the government.

Ex-ante financial instruments are those that are established in advance of when the funds are needed; ex-post instruments require no advance planning and are only arranged following a disaster (Clarke and Dercon, 2016). A scalability mechanism should be supported by ex-ante financial instruments, as evidence shows that acting in advance of a disaster event can generate significant cost-savings compared to financing the costs of disasters once an event has occurred (ibid.).

Ex-ante instruments include contingency funds or budget allocations, contingent credit, insurance, re-insurance and derivatives, whereas other sources of finance such as post-disaster aid or credit, emergency budget reallocations or an increase in taxation would be considered ex-post instruments.

**Figure 5: Risk layering of financial instruments to finance disaster losses**



*Source: Adapted from World Bank (2015).*

In addition, the level of financing required to enable expansion of a programme following a shock event is an important consideration for shock-sensitive social protection. This means that, before deciding on the set of financial instruments to support scalability and response, it is necessary to establish the rules that will define expansion of the programme in case of a shock event. This involves decisions on when the programme will scale up, how many beneficiaries will receive assistance, how much the additional assistance will cost, and how often this is expected to occur.

This planning is critical so that a financial strategy can be developed to match the potential cost of a scale-up. For this, financial analysis can be performed to estimate the cost of the scalability mechanism under different scenarios, and then a financial strategy can be chosen to ensure funds are available when needed, based on the general concepts of DRF outlined above.

This rules-based approach to scaling up and linking social protection with emergency response can lead to significant benefits for both beneficiaries and governments. These rules will include whether the mechanism is triggered to support anticipatory action (acting before the disaster happens but when the certainty of it is high, based on forecasts) or immediate or seasonal response. In all cases, such a mechanism would benefit from objective indicators that trigger a set of pre-agreed and adequately funded actions. This could be linked to forecasts and EWS, and so it is important to understand how current mechanisms can be coordinated and used for this purpose. Such an approach ensures that adequate resources are available to respond to shocks, but also that there is timely deployment of pre- and post-disaster aid to those most in need. It also ensures that a programme is based on high-quality data that is free from political manipulation.

### ***The status of shock-responsive financial instruments in Malawi***

Malawi does not have a comprehensive DRF strategy and, as such, most of the elements of a good shock-financing system described above are not present. In this subsection we provide an overview of

existing instruments used in Malawi to finance emergency and disaster response, and assess them against the DRF principles above.

- Financing to cover the impacts of shocks is typically ex-post and donor-driven. In Malawi, this type of funding is linked to the architecture of the MVAC assessment and response cycles. This funding is not suitable for a scalability mechanism because it is unpredictable and could be too slow to meet the needs of affected populations.
- It is reported that the four most recent disasters in Malawi (2002, 2005, 2008 and 2015) have cost the country close to US\$1 billion (MoAIWD, 2016). An important point is that it is unclear how much of the ‘emergency response’ has gone to addressing chronic food insecurity.
- Social protection programming in Malawi does not seem to have any dedicated contingency fund or ring-fenced reserve fund that becomes available immediately after a qualifying event. There are no contingency credits in the Malawi social protection sector (author interviews). Moreover, attempts to scale up the SCTP and PWP during the last humanitarian responses have highlighted the challenges of using existing mechanisms to channel additional, unexpected funds (ibid.). There is some limited experience where a few NGO programmes (supported by USAID) have allocated funds that can be used to deal with shocks (called crisis modifiers).
- Malawi’s disaster response sector seems to have limited contingency funds that are replenished every year, but no contingency credit lines (ibid.). Small contingency funds are used for non-seasonal disaster response (localised disasters) upon assessment and activation by local councils. These funds seem funded by government contingency funds and humanitarian agencies, including the Red Cross and others.
- Malawi has had a few experiences with the use of insurance products to enhance financial protection against disaster risk, both at the sovereign and household level. The Malawian National Drought Insurance first came into force in 2008, structured as a derivative product on a rainfall index. This innovative risk-management instrument was a first for a sovereign entity in Africa, and was renewed twice, in 2009 and 2010 (Syroka and Nucifora, 2010). The product had a maximum pay-out of US\$4.4 m. in the 2009/10 renewal, although weather conditions did not trigger a pay-out while the drought insurance was in force.<sup>29</sup>
- Malawi was among the 18 original signatories of the Africa Risk Capacity (ARC) in 2012,<sup>30</sup> and purchased an insurance policy in 2015. Following widespread drought conditions across the country in 2016, the catastrophe model used by ARC initially indicated that no pay-out was due. However, after the model was recalibrated, ARC stated that a pay-out of US\$8 m. would be made following the approval of their Financial Implementation Plan.<sup>31</sup> At the time of writing, the GoM was in the process of deciding how best to allocate these resources.
- While sovereign-level insurance can support the government’s contingency plans, microinsurance can be layered at the community and household level to protect households directly. Malawi also has experience with weather-index microinsurance through the R4 initiative, which offers access to insurance as part of an integrated risk-management package. This mechanism acts as a type of contingency mechanism integrated into a safety-net approach, and covers catastrophic risks at household level.

The financing of a shock-sensitive social protection system in Malawi should include a shock-responsive mechanism for anticipating and responding to a pre-determined need, as well as links with the humanitarian response system.

<sup>29</sup> [http://siteresources.worldbank.org/EXTDISASTER/Resources/MalawiDerivative\\_Final.pdf](http://siteresources.worldbank.org/EXTDISASTER/Resources/MalawiDerivative_Final.pdf)

<sup>30</sup> ARC is an index-based sovereign insurance scheme which pays out to the government of the insured country in case of major drought event in a country, which is then responsible for implementing a contingency plan within a specific timeline.

<sup>31</sup> <http://www.africanriskcapacity.org/2016/11/14/press-release-malawi-to-receive-usd-8m-insurance-payout-to-support-drought-affected-families/>

As mentioned previously, a scalability mechanism would require objective indicators that trigger pre-agreed, adequately funded actions in anticipation or response to a shock. Such a system would rely on the use of forecasts and EWS, including coordination with existing mechanisms (MVAC/FEWSNET), and should consider overlaps and coordination between the different social protection programmes (SCTP, PWP, SMP). A risk-financing strategy would need to be developed to adequately cover the financial costs of such a mechanism.

Ex-ante options for financing a scalability mechanism (and potentially larger emergency response) would include:

- **Contingency financing.** A contingency fund could be established that is only released upon an agreed set of rules and triggers. This would be part of individual programmes or held at the level of a SSF.
- **Contingent credit.** The World Bank Development Policy Loan with a Catastrophe Deferred Drawdown Option (CAT-DDO) is a contingent credit line that provides immediate liquidity in the aftermath of a natural disaster.<sup>32</sup> While this funding has not traditionally been available as concessional credit for less-developed countries, it will shortly be made available.<sup>33</sup> As a CAT-DDO forms part of a larger development loan, this arrangement could offer the GoM the opportunity to access both longer-term financing for ongoing efforts to reduce chronic poverty and additional finance if a disaster occurs, making it highly suitable for financing a shock-responsive safety net.
- **Donor contingency financing.** It may be possible for the government to secure donor funding specifically for a scalability mechanism for a social protection programme. This would require an ex-ante agreement with a donor to ensure that a certain level of funding can be provided to the government under certain pre-agreed circumstances. It would therefore make the source of finance similar to a contingency fund, but would be held by the donor rather than the government prior to disbursement. Donors that typically provide financing for humanitarian action may be an appropriate source of financing for a scalable social protection system, and this may result in a reduction in the overall costs to donors that usually support humanitarian assistance.
- **Macro-level insurance schemes.** While at the time of research, the GoM had indicated that they will not be renewing the ARC policy for the 2016/17 season, other options exist for insurance mechanisms in commercial markets. It is worth noting that insurance might not be the best instrument to deal with recurrent shocks and losses, however, and so may not be a suitable financing mechanism if expansion of a social protection programme is expected to be triggered frequently (for example, once every two or three years).

In the long term, a shock-sensitive social protection system might be able to take on a substantial share of emergency needs, but there will always be a call for a strong emergency system to complement it. It is therefore important to ensure that linkages with the emergency system can be put in place, so that responses are coordinated, not only in terms of targeted populations and benefits, but also so that disaster financing is used more efficiently.

<sup>32</sup> [http://treasury.worldbank.org/bdm/pdf/Handouts\\_Finance/CatDDO\\_Product\\_Note.pdf](http://treasury.worldbank.org/bdm/pdf/Handouts_Finance/CatDDO_Product_Note.pdf)

<sup>33</sup> See Annex 8 of International Development Association 18 replenishment:

<http://documents.worldbank.org/curated/en/348661486654455091/Report-from-the-Executive-Directors-of-the-International-Development-Association-to-the-Board-of-Governors-Additions-to-IDA-Resources-Eighteenth-Replenishment>



### 6.3 Summary

**Table 7: Financing: progress towards a shock-sensitive social protection system**

Components of a shock-sensitive social protection system	Features of shock-sensitive social protection	Level of progress towards features in Malawi	
		Status	Key messages
Core, resilient and promotive, and seasonal social protection	Government commitment and ownership of social protection system through:	Low	Overall, Malawi is highly dependent on donor financing, although the level of external financing varies across sectors.
	- Domestic financing of social protection.	Emerging	Social protection budgets are mostly donor-funded and Malawi's mobilisation of domestic resources for this sector remains low, across all programmes under the MNSSP. Government needs to address this in future MNSSP revisions.
	- Resources delivered through government structures with capacity.	Emerging	Low capacity to implement is constrained by fragmented and burdensome requirements on districts.
	Sustainable multi-year commitments, including across seasons.	Medium	Multi-year commitments exist, but still depend on project-driven, donor funding.
	Good financial management of public expenditure.	Low	Serious concerns about public finance management severely constrain programme delivery. Key issue to be addressed.
	Donor coordination and harmonisation of funding.	Emerging	Support to the NSSP pillars is highly fragmented across donors. Addressing the constraints to establish more harmonised financing and reporting approaches is essential, including a type of pooled funding mechanism.
Scalable and emergency-linked social protection	A framework of diverse financial instruments to adequately address risks.	Low	Framework does not exist. It requires making decisions about scalability rules of the system, before an analysis of the most cost-efficient framework can be done.
	Ex-ante financial instruments in place.	Emerging	While some instruments exist, they are not organised coherently. Most of the financing of disaster response is through ad-hoc post-disaster fundraising.
	Established rules for expansion of social protection in case of a shock.	Low	These do not exist. A scalability mechanism would require objective triggers and a set of pre-agreed actions supported by adequate funding.
	Financing modalities for climate shocks linked to forecasts and EWS for more effective anticipation.	Low	A scalability mechanism would require the use of forecasts and EWS, including coordination with existing mechanisms (MVAC/FEWSNET).

# PART 3: A VISION FOR SHOCK-SENSITIVE SOCIAL PROTECTION IN MALAWI

This report synthesises recent experiences of using social protection to deal with shocks. In doing so, three important messages emerge for moving towards a shock-sensitive social protection system in Malawi.

First, Malawi is highly exposed to climate risks and co-stressors that create emergency situations, but **the underlying vulnerabilities of households to chronic poverty and predictable annual food insecurity are important factors in producing recurrent humanitarian emergencies.** Data on MVAC emergency responses show that the number of people declared to be food-insecure has changed considerably over the last ten years – ranging from 260,000 people in 2011 to 6.7 million in 2016 – but also that food insecurity is an annual occurrence in some districts.

Second, **climate change is set to increase Malawi’s exposure to climate risks, creating more frequent or severe climate extremes that impact people across the country.** The need for humanitarian action will be determined by the depth or severity of food insecurity, which depends not only on the magnitude of the climate event, but also on the series of vulnerability factors that create large impacts from those shocks. **The difference between a humanitarian response and a social protection response might then be largely determined by an impact-based approach.**

And third, it is important to recognise that social protection alone cannot address all of the factors that create food insecurity and emergencies in Malawi; however, challenges in programme design and implementation reduce the effectiveness of social protection support already in place. While some positive trends have been observed in the impacts of some programmes, by and large, **social protection in Malawi does not yet have the ability to significantly address chronic and seasonal poverty and food insecurity at scale.**

In the context of these key findings, the final section of this report outlines a vision for strengthening shock-sensitive social protection in Malawi.

## 7. Towards a shock-sensitive social protection system in Malawi

### 7.1 Objectives

**A shock-sensitive social protection system in Malawi should reduce poverty and food insecurity, meet the seasonal needs of the poorest, build resilience to shocks and climate change, and support early and effective emergency action when needed.** Such a system should prioritise core social protection objectives, while also ensuring that the progress made is protected from predictable seasonal food insecurity and from increasingly frequent shocks. While social protection can never fully replace emergency response capacity, a successful shock-sensitive social protection system would, over time, reduce the need for year-on-year emergency response.

The key elements of shock-sensitivity are already supported by Malawi’s NSSP, the main objective of which is to **reduce poverty and hunger, and improve resilience for those who are vulnerable to risks and shocks** (GoM, 2012a). As the MNSSP and the National Resilience Plan are currently being revised, the findings from this report provide important recommendations relevant to MNSSP II and the NRP.

A vision for shock-sensitive social protection in Malawi builds on the following policy objectives of the NSSP:

- Objective 1 (provision of welfare support) and 2 (protection of assets): shock-sensitive social protection must ensure adequate support across the seasons, and build resilience specifically to seasonal variations, climate extremes and climate change. The NSSP also aims to reduce predictable annual food insecurity and build long-term resilience by providing predictable multi-year support to poor households.
- Objective 3 (promotion through productivity enhancement): we support the aim of moving households above the poverty line, but add the need to prevent shocks from pushing them back into poverty (supporting sustainable graduation).
- Objective 4 (policy linkages and mainstreaming): we stress the need for social protection to coordinate effectively with the humanitarian sector, in addition to DRR and climate risk management.

Importantly, a shock-sensitive social protection system must address the needs of people who face the following scenarios, all of which relate to weather and climate patterns but with varying degrees of frequency and predictability, and have different programming implications.

- *Seasonality.*
  - a) *Seasonal variability* is inherent to Malawi under current agricultural conditions. It is influenced by the agricultural calendar, and affects household livelihoods (including income, expenditure and workload), food security, nutrition, health and wellbeing at particular times of the year. This variability is well known, and the MNSSP programmes already address some elements of it in their programme design.
  - b) *Seasonality causes predictable food gaps during the lean season on a regular basis, in most cases requiring an emergency response.* It affects households that do not produce enough food or income to meet their needs throughout the year, and results in food-access deficits from October to March. Often, these food gaps affect the same households in the same districts year on year, even in the absence of unusual weather events. Currently these needs are mainly met through the annual MVAC emergency response.
- *Extreme or unusual climate shocks occur with relative frequency in Malawi and cause exceptional periods of acute need (e.g. El Niño).* Such shocks, interacting with underlying poverty and vulnerability, can exacerbate poor households' vulnerability to seasonal variability, increasing food insecurity and the scale of assistance needed. While the occurrence of these events is harder to predict, forecasting, advanced planning and preparedness, and risk-reduction approaches can go a long way to mitigate their impacts by enabling early response. In Malawi, social protection programmes have recently piloted options to support households through combined social protection and MVAC interventions. In addition, some social protection programmes are seeking to reduce and mitigate the impacts of climate shocks by linking social support with complementary programmes (e.g. climate-smart agriculture) and designing public works to increase economic resilience and protect natural resources. Efforts in this area can be strengthened, however.

## 7.2 Programme design

In order to meet the objectives set out above, a future shock-sensitive social protection system should be built around the following five programming components, which are discussed in turn in the remainder of this section:

*In the short term,*

1. Prioritise strengthening the design and delivery of core social protection programmes to achieve their objectives.
2. Address the predictable annual food gap for poor households through multi-year and predictable programming to reduce the scale of the annual emergency response.
3. Strengthen shock-sensitive objectives in social protection programming through a more explicit focus on preparing and planning for shocks and building resilience.

*In the medium-to-longer term,*

4. Develop ‘scalable’ mechanisms as part of social protection programmes to deal with exceptional periods of acute need that result from unanticipated weather events.

*Throughout,*

5. Provide on-going support to larger-scale emergencies through closer alignment and coordination with humanitarian response.

We discuss what these five components could look like in more detail here, and how to achieve them in the section that follows.

**1. In the short term, prioritise investment to ensure that existing social protection programmes achieve their core objectives through capable systems and appropriate design.** This requires investment in ‘getting the basics right’ through regular and predictable delivery of social protection transfers, increased coverage to support households to cope with the effects of seasonality and climate shocks, and increased transfer values to improve consumption-smoothing objectives.

Covering the poor population who are also vulnerable to seasonal variability and predictable annual food gaps would need to be achieved incrementally in the short-to-medium term by prioritising increased coverage to poor households in districts most affected by annual and predictable food insecurity in the lean season (potentially based on MVAC data if available) so that districts with a higher proportion of extremely poor and vulnerable people include a higher percentage of the population on MNSSP programmes. In turn, this would also be supported through a more coherent and integrated approach to the MNSSP.

The levels of transfers in Malawi could be increased to better support consumption objectives across the year (although other approaches are needed to meet larger consumption gaps and to promote livelihoods and resilience – see below for more on this), and at a minimum be linked to inflation. An assessment would need to consider the wider implications for increasing the values of the SCTP and other programmes (e.g. poverty rates, consideration of the combined effects of increased linkages to programmes to maximise benefits, etc.) and assess the effects of the recent increased days under the MASAF PWP. The Public Expenditure Review currently in process should identify fiscal space for this.

**2. In the short term, address the predictable annual food gap in the lean season that is currently being addressed by regular ‘emergency’ response, through scaled-up and adapted social protection programmes.**

While extreme events such as the 2016 *El Niño* or the 2015 floods might have caused exceptional caseloads, for the most part, the MVAC emergency response addresses chronic food insecurity on a yearly basis, thus acting as a de-facto ‘seasonal safety net’. This form of yearly seasonal response is inefficient and costly – since it requires a yearly process of assessment, targeting, registration, and setting up delivery and payment mechanisms – and is also influenced by the rising costs of the food basket as the country enters into the lean season. In addition, the timing of MVAC assessments is not optimal as there is little time between the assessment to procure food and set up the response mechanism, etc. before the lean season starts in November. Taking seasonality into account as part of social protection programming would likely reduce the costs of the response.

Addressing this would have two programming implications. First, social protection design would require adaptation to address the seasonal food gap for existing beneficiaries. Second, social protection programmes would require scaling up to incorporate the caseload of additional households affected by seasonal food gaps on a regular basis (termed “horizontal expansion”).

*Adapting social protection design:* For those households already in the SCTP, MASAF PWP and SMPs, this could mean receiving predictable annual increases in transfer levels in the lean season. In terms of programme design, the size, type and timing of the transfer need to match seasonal gaps and needs. This proposal recommends that steps should be taken to provide a *predictable increase in transfer levels during the lean season* to meet predictable seasonal food gaps and needs on a regular

annual basis as part of existing programmes (SCTP, PWP and SMPs). In the SCTP this can be done by increasing the size of the transfer by a fixed amount from October to March. In the case of PWP, this might require establishing unconditional transfers during lean-season months (when households have labour and nutrition constraints to work on asset-building activities), or, if appropriate, increasing the number of days available to work. The value of this top-up could potentially be calculated in the same way the MVAC response is calculated – as a proportion of the food-gap needs during the lean season, and/or linked to inflation.

The type of transfer is also important in relation to its timing. For instance, the seasonal support provided during months of food insecurity could be through vouchers, food transfers, or cash transfers. Whilst cash transfers should be the first option given their fungibility, the appropriateness of the type of transfer will require a market analysis. Another option for farming households in this target group could be cash payments (as a lump-sum payment or credit) directly after the harvest and in combination with linkages to grain storage facilities. This would remove the pressure to sell their harvest at low prices. However, we suggest that, in the short term at least, regular monthly ‘top-ups’ would be the simplest way to ensure that households’ needs are met in the lean season.

There also needs to be an established duration of the seasonal support that is based on realistic expectations of a household moving out of chronic food insecurity. The same households should remain in the seasonal intervention for a number of years. In addition, any type of seasonal support that aims to cover the food gap and move people out of food insecurity will need to be complemented by a longer-term approach of asset- and resilience-building, such as those under the watershed management approach of WFP’s FFA, as discussed in point three below.

*Scaling up coverage of social protection for additional caseload:* For households that are not currently receiving social protection benefits, the proposal here is that social protection coverage expands, with a plan to prioritise the integration of these households into relevant programmes. This expansion would require multi-year predictable funding that would allow a predictable response to poor households facing annual food-security gaps in the lean season. This is a radical shift as it would require moving away from an annual, emergency response financed by humanitarian funds to multi-year predictable funding. Seasonal safety-net interventions will require new commitments by donors or adjustment of current ones to ensure that funding is available in a predictable way. The potential for moving MVAC resources into a multi-year fund or another form of sustained commitment should be explored, especially as some donors might have more flexibility in the use of humanitarian funds in a preventive way to protect development gains.

Identifying new, seasonal beneficiaries will involve identifying districts most regularly affected by chronic food insecurity in the lean season based on an analysis of MVAC data over the last 10 years (and excluding extreme events, such as the floods and *El Niño*). Level of coverage within districts could also be based on an analysis of previous MVAC assessments. In Ethiopia, initial estimates of coverage for the PSNP were made based on the 10-year average of people in need of food assistance. Malawi could choose a similar approach. This analysis could be overlaid with district risk exposure based on an analysis of impacts of hazards (impact-based risk assessment).

**3. In the short-term, strengthen shock-sensitive objectives in core social protection programming through a more explicit focus on advanced planning and building resilience.** This could entail some relatively ‘quick-win’ ways in which to strengthen resilience-building and livelihood-promotion activities to reduce vulnerability to seasonality and future shocks without needing to overhaul the existing system. It would include building on existing experiences, including, for example, institutionalising linkages to climate, agriculture and DRR activities, and sharing climate information to improve agricultural planning.

There are three main ways in which social protection can be used to better support resilience-building outcomes: (i) strengthening the coherence between existing social protection programmes (e.g. linking SCTP and MASAF PWP beneficiaries with SMPs and VSLs more systematically); (ii) explicitly promoting viable livelihoods and resilience interventions to complement social protection programmes, especially, but not limited to, public works activities; and (iii) institutionalising linkages between and layering of social protection programmes and other programmes and services

(particularly increasing access to financial services, productive activities (where appropriate) in the agricultural sector and beyond, DRR activities and skills and knowledge). This not only requires technical expertise and stronger linkages to other sectors, but also demands a more specific focus on the appropriateness of social protection design at the district level.

Improved coherence between the SCTP, MASAF PWP and SMP will require an in-depth assessment of, at a minimum, targeting criteria and level of benefits of the three programmes, and of how households in each are linked to VSL. Moreover, this will also require greater institutional coordination across government ministries and development partners.

When thinking about complementary linkages, it is important to consider: a) the capacity and livelihoods potential of different types of households. For example, for some households in SCTP, programmes focusing on agricultural livelihoods will be inappropriate – they require long-term regular support; for other households receiving SCTP or MASAF PWP they will need appropriate linkages to promote livelihoods and resilience (but with realistic expectations of what this can achieve); and b) the different districts/environment where households live will have implications for appropriate (and viable) livelihoods activities.

While a thorough assessment of poverty and vulnerability from a seasonal and climate-risk perspective will need to inform programme design and linkages, the following should be considered to support long-term prevention, recovery and resilience to seasonality and climate events:

- Programmes incorporate a long-term vision that includes the changing nature of shocks and stresses to support smallholder farmers diversify their income sources and build resilience in the short and medium term.
- Multi-year programming that consistently targets the same households to build resilience and promote sustainable productive activities is required.
- Programme linkages and coherence between regular cash/food transfers to smooth income and consumption, collective loans or savings schemes as a coping strategy, aligning timing and complementarity of SMPs with PWP or SCTP, or combining unconditional cash transfers with PWP during lean seasons.
- Linking households to programmes or services that support financial inclusion (such as savings, credit), that promote agricultural productivity (such as climate-smart agriculture, skills and training opportunities), that contribute to DRR, improve access to climate information (e.g. through information services being available to beneficiaries at pay points) and support productive asset creation/rehabilitation combined with management support to mitigate impacts of seasonality and shocks.

**4. In the medium-to-longer term, develop ‘scalable’ mechanisms as part of social protection programmes to deal with exceptional periods of acute need that result from unanticipated climate extremes.** This would entail making social protection interventions shock-sensitive to be able to cover additional needs of existing beneficiaries (vertical expansion), as well as temporarily covering additional caseloads if necessary (horizontal expansion). A shock-sensitive social protection system in Malawi would be able to act when the impacts of shocks are imminent or ongoing. This would also mean dealing with part of an ‘emergency’ caseload through existing social protection systems, thus increasing the cost-efficiency of Malawi’s emergency-response system. Hence, these scalable activities would be best done in coordination with the emergency-response sector.

Key elements to achieve this vision would include a system for early assessment of needs and impacts, a well-functioning, dynamic social registry, scalable payment and delivery mechanisms, and some form of contingency financing discussed below.

International experience shows that establishing scalable mechanisms for social protection takes time and is often built once key systems are sufficiently developed. While it is an important step in more effectively dealing with disaster impacts, putting in place such a system will be challenging. It would probably not be a priority until systems such as registry, targeting and payment are more developed. While systems for vertical expansion of existing programmes could be put in place in the medium term, horizontal scale-up capacity will likely be difficult to achieve and might not be prioritised.

**5. Provide on-going support to larger-scale emergencies through closer alignment and coordination with humanitarian response.** A shock-sensitive social protection system could, in the medium-to-long term, address seasonal food gaps as well some of the impacts of shocks. However, it will not replace the need for disaster response to larger impacts caused by extreme events. In these cases, the social protection system can still support specific actions as part of a coordinated emergency response system. In the short term, this would require continuing to strengthen coordination around beneficiary targeting, benefit size and complementary interventions. In the medium-to-long term, as the other elements of shock-sensitive social protection are developed, this coordination could also focus on national coordinated preparedness and contingency plans that include a role for social protection, coordinated systems for early assessment of needs and impacts, and improved use of social protection systems for delivery of response.

### 7.3 Moving towards the vision

**Moving towards such a vision in the short and medium term will require both building on existing programming and systems, as well as a more radical shift in the programming and financing that underpin the current social protection approach** – both from the social protection *and* the humanitarian and DRM side. The current revisions of the MNSSP offer an important window of opportunity to consider integrating these recommendations into the MNSSP II.

This section outlines three key areas of work towards that vision: 1) vision and leadership; 2) systems and capacity; and 3) financing. It suggests a range of immediate, short-, medium- or long-term steps (where appropriate) under each of those areas that can enable Malawi to achieve a shock-sensitive social protection system. The recommendations presented here draw on the analysis of Malawi's social protection context as well as on existing and recent studies from Malawi and elsewhere. Where possible, we align with recommendations of previous studies conducted in Malawi to avoid duplication and maximise synergies. A summary of the areas and steps is presented in Box 4.

#### Box 4: Steps towards achieving shock-sensitive social protection in Malawi

##### Vision and leadership

- An agreed vision for shock-sensitive social protection is established and a five-year strategy developed to guide national-level policy and programming across different actors.
- EP&D provides strong leadership and the mandate to lead, coordinate and convene shock-sensitive social protection across different programmes and sectors – particularly with DoDMA.
- Development partners support the government in delivering the shock-sensitive social protection vision through a coordinated approach.

##### Systems and capacity

- Support the effective implementation of the UBR, and discuss options to expand it in the future to collect relevant data on seasonal and shock vulnerability for rapid scale-up of social protection or emergency response, and support improved programme coordination at the household level.
- Implementation partners effectively deliver core and seasonal social protection, strengthening capacity and delivery systems for rapid response to scale up and coordinate in future emergencies.
- Integrate forward planning and preparation into social protection programming, including climate information and EWS.
- Establish and strengthen monitoring, evaluation and learning (MEL) to measure progress towards shock-sensitive social protection systems and outcomes, and use the findings to inform operations.

##### Financing

- Invest more resources into core social protection programming to improve programme effectiveness in reducing poverty and vulnerability (including re-design of programmes with enhanced focus on resilience) and seasonality.
- Multi-year commitments to finance seasonal and scalable social protection interventions are essential.

## Vision and leadership

### Key priorities

1. **An agreed vision for shock-sensitive social protection is established and a five-year strategy developed** to guide national-level policy and programming across different actors.
2. **EP&D provides strong leadership and the mandate to lead, coordinate and convene shock-sensitive social protection** across different programmes and sectors – particularly with DoDMA.
3. **Development partners support the government in delivering the shock-sensitive social protection vision** through a coordinated approach.

- First, agree on and embed a vision in the new MNSSP II programme. Key components include:
  - Conceptualisation of how social protection can help households better deal with the root causes and impacts of seasonal vulnerability and climate shocks through programme design and implementation.
  - Envisaging the MNSSP operating as a coordinated system, rather than as singular and separate sets of programmes.
  - Drawing on and aligning existing relevant policies, including NRP.
- Second, develop a five-year strategy for integrating shock-sensitivity into the existing social protection approach, drawing on relevant resources to date.<sup>34</sup> The development of this strategy should be accompanied by:
  - a costed implementation plan
  - identification of clear roles and responsibilities in the short/medium/long term for government and development partners
  - measurable indicators (by year) to assess progress at key milestones, including cost-related M&E to build evidence on the savings/efficiency of shock-sensitive social protection.
- Third, articulate this strategy and generate buy-in from priority sectors:
  - PRSP and DoDMA should lead a high-level advocacy and consultation process with other parts of the government (both disaster management and humanitarian response); the Ministry of Agriculture, Climate and Meteorological Services (as well as other sectors already part of NSSP); and the relevance of the vision for other national and sectoral strategies such as the MGDS III and other relevant national strategies, such as the National Agriculture Investment Plan, and NRP. This would provide an opportunity to articulate a clearer conceptualisation of the links between social protection, growth and DRR at the national level, make explicit the links to emergency response and food security, and build synergies across institutions rather than duplication.

Underpinning these steps is the need for on-going support to strengthen government leadership and improve development partner coordination.

The PRSP division within the MoFEPD, in collaboration with DoDMA, is best placed to continue taking the lead on the vision for shock-sensitive social protection in the revised MNSSP II, given their existing capacity and knowledge in driving this agenda forward under the MNSSP. This requires strong coordination with other relevant sectors, especially DoDMA.

<sup>34</sup> For example, this report, the ECHO Partners Shock-Responsive Social Protection Strategy (draft), discussions from the MNSSP shock-sensitive work stream, the Public Expenditure Review on social protection.



Immediate steps could include:

- Establishing a focal point (liaison person) to strengthen coordination between PRSP and DoDMA whose responsibility it is to focus on supporting the shock-sensitive social protection system; and ensuring that DoDMA, agriculture and climate-related sectors attend MNSSP coordination committees. As both EP&D and DoDMA have a responsibility in setting a vision, designing and implementing a shock-sensitive social protection system, it is of great importance that they consult regularly on the vision and design, and work together in the implementation of programmes.
- Developing a joint capacity-building plan for EP&D and DoDMA to accompany the vision and strategy. This might include on-going support to build leadership capacity of EP&D. This could also include secondment of technical personnel to work within the PRSP unit on shock-responsive social protection, and establishing a high-level post that has mandate to consult and coordinate with DoDMA and other relevant agencies.
- Identifying ways to get higher-level political support for PRSP in EP&D. EP&D needs to be recognised as the lead across sectors at different levels (national and district).

A coordinated development partner group is essential for supporting the government to successfully deliver the social protection agenda. Stronger donor coordination around programme objectives, design, implementation, reporting requirements and funding modalities is needed.

Immediate steps would include:

- Development partners to place shock-sensitive social protection as a priority objective (a work stream) for the development partner social protection coordination group.
- Providing coordinated support to the government with ‘one voice’ by selecting a minimum of two agencies with the mandate to drive the shock-sensitive agenda forward in collaboration with the government – this could either be long-term, or on a rotating basis.
- Development partners to support the shared vision of shock-sensitive social protection and develop a coordinated plan of current and short-term future work to support implementation. This also requires development partners to share a vision for the social protection system as a whole and identify how each donor can contribute to it, shifting away from separate and singular programmatic approaches. Stakeholders within the development partner group must set objectives to commit to:
  - a) supporting harmonisation with government processes and systems; reducing fragmentation in funding, implementation and reporting requirements; and avoiding creating parallel systems
  - b) supporting a harmonised vision of systems improvement and capacity development (nationally and in the districts)
  - c) when setting up new programmes, development partners need to consult and validate with the coordination group and the government to ensure that they contribute to delivering the shared vision of shock-sensitive social protection.

### **Systems and capacity**

### **Key priorities**

1. **Support the effective implementation of the UBR, and discuss options to expand it in the future** to collect relevant data on vulnerabilities to seasonality and shocks to enable rapid scale-up of social protection or emergency response, and support improved programme coordination at the household level.
2. **Implementation partners effectively deliver core and seasonal social protection**, strengthening capacity and delivery systems for rapid response to scale up and coordinate in future emergencies.
3. **Integrate forward planning and preparation into social protection programming, including climate information and EWS.**
4. Establish and strengthen **monitoring, evaluation and learning (MEL)** to measure progress towards shock-sensitive social protection systems and outcomes, and use the findings to inform operations.

### **Targeting, data and information systems**

The long-term contribution of the UBR to a shock-sensitive system is that with appropriate data collection, it can:

- a) support integration and coherence of programming at a household level: by enabling more detailed knowledge about individual households, and providing information about other programmes within which households participate (or are eligible for) and the value of benefits a household receives. This would: i) provide more accurate knowledge on the accumulative effect of programmes (i.e. we do not currently know if SCTP beneficiary households also receive SMP), and ii) enable field staff to plan linkages with complementary programmes and services within the MNSSP and with other priority programmes and services to target appropriate benefits to households based on people's livelihoods, capacities and needs.
- b) help identify people at risk of annual predictable food insecurity, and geographic vulnerability to shocks. This information would be used to help target those at risk of chronic and seasonal food insecurity with appropriate programming and services, and also be used as a mechanism to quickly identify households at risk in areas affected by shocks. It would not enable direct targeting to these households, but would need to be done in combination with emergency targeting mechanisms that could then be implemented quicker if using existing lists.
- c) provide information on the value of transfers that households receive to facilitate calculations if linked to emergency response (e.g. what more is needed at the household level to meet the total food basket).

In the immediate term, particular priorities include:

- Strengthening staff capacity (skills, time and number of staff) in data collection, and providing enumerators with the resources to collect the data effectively (e.g. provision of 100% tablets for data collection).
- Review the relevance of indicators collected in the UBR and its implementation for shock-sensitive social protection. Key considerations include indicators on: vulnerability to seasonal food insecurity; vulnerability to climate shocks (this can be done through revised questions as well as geographic location); food and nutrition security; whether households are receiving school meals. Consideration should be given to the timing of data collection (i.e. if collected in the lean season) and how this affects household answers on food security and poverty.

Develop robust data protection, privacy, and appropriate sharing agreements of the UBR

In the short-to-medium term, the focus should include:

- Increasing the percentage of registered households to 100%. In recognition of the financial and resource constraints to this, one option would be to prioritise higher registration in the poorest and most at-risk areas (of annual predictable food insecurity and climate shocks).
- Mapping district-level programming and linking this to the UBR data: collecting information about who is operating where and doing what by TA in prioritised districts – agriculture,

climate risk management, DRR activities etc. and encouraging these priority actors to link to data in the UBR. This requires greater inter-agency coordination within and outside the social protection sector (specifically MNSSP school meals and VSLs). The UBR Task Team can be better used to facilitate these linkages and to advocate and build capacity and knowledge on the UBR and how it can be used by other sectors.

- Strengthening suitable grievance mechanisms and building on pilots that examine the possibility of serving more than one set of programmes (e.g. social protection and MVAC).

In the longer term:

- Set up triggers for social protection scale-up – and/or emergency targeting – by overlaying data on shocks (or forecast) with geo-location in the UBR. When the trigger is reached, combine a pre-determined caseload with emergency targeting (JEFAP guidelines) for scale-up. If the UBR does not have 100% coverage, it will require additional identification of beneficiaries for horizontal scale-up. JEFAP guidelines can be applied to both.
- Link the UBR to the MIS of social protection programmes in a way that allows regular updating of information.
- Dynamic, regularly updated UBR linked to a national ID system that overcomes the challenges of four-year update cycles. There have been discussions about filling in some information from households in interim periods. However, it is also important to note the concerns with updating information in an ad hoc way, which doesn't serve the completeness of the database.
- Creation of a data triangulation service for humanitarian agencies to coordinate with the UBR and knowledge on how to use this in humanitarian contexts.

### **Delivery systems**

The timely delivery of benefits is essential to programme success, not only in terms of achieving core objectives, but especially when these are 'time-critical', as is the case in the annual lean season and also for emergency responses that need to be fast and predictable. Whilst manual payments can be delivered on time, they are administratively burdensome and time-consuming. Moving towards banking, mobile or e-payments nationally for programmes that transfer cash is preferable – as this can provide secure and fast payment modalities, as well as broader benefits of financial inclusion.

Ideally, a shock-sensitive social protection system would have flexibility to switch between types of payment modalities when required – especially in cases where markets are unable to absorb a cash transfer, as this would be the preferred option – and be able to provide transfers rapidly and at scale in the event of emergency response.

To move towards these delivery preferences, the following is required:

In the short-term:

- Donor coordination is required to harmonise payment mechanisms, and reduce fragmentation and multiple reporting and financing requirements to support the MoGCDSW role in delivering payments. Agreement is needed to take a coordinated and scaled-up approach to explore options for using banking system/mobile payments to deliver payments (rather than multiple different pilots in different districts), and to explore the possibility of joint contracting across different programmes.
- To overcome the difficulties of using new technology or bank accounts at scale, it may be necessary to develop private-public partnerships to support payment systems and overcome trader liquidity constraints, and develop a consortium of partners (including with the private sector) to effectively run e-payment solutions at scale. Moreover, there is a need for flexibility in payment systems, especially when confronted with unforeseen challenges (e.g. in new voucher systems) – which means continuing to have 'back-up' manual plans for delivery when new payments encounter problems – to ensure that payments are delivered reliably and regularly.

- Price-indexed transfers (ideally tracked regularly, but set at a minimum at the beginning of the lean season or an emergency to ensure consistent transfer values for household need).
- Ensure that all delivery programmes look to support existing government capacity and do not create parallel structures.

In the medium-term, this involves:

- Pre-identifying and pre-enrolling potential beneficiaries at risk of being affected by a shock (e.g. identified in the UBR) in a payment mechanism (bank accounts, etc.) to facilitate fast payment during scale-up or emergency response.
- Building capacity to respond to shocks through scalable social protection programmes would require that standard operating procedures (SOPs) are established for delivery, co-ordination and partnerships are planned in advance, and investment is made in ‘surge capacity’ for fast response from other districts.
- Investing in a payment system with flexibility for households to switch between types of payment modalities when required (ability to overcome cash liquidity in affected areas).

### **Preparation and planning, including climate information and early warning systems**

Financing, capacity, institutions, plans and a strong EWS are pre-requisites for scaling up social protection in response to a crisis. Whilst these would be the long-term goals of a scalable social protection system, there are also important steps in terms of preparation and planning that can be achieved in the short-to-medium term, which would facilitate social protection’s role in contributing to addressing seasonality and climate-shocks, as well as moving towards greater coordination between social protection and humanitarian response.

In terms of preparation and planning, in the short-term this would include:

- Development of coordinated response to enable use of humanitarian and social protection systems – mapping out roles and responsibilities for key actors, articulating an objective for key actors, and establishing regular coordination meetings to devise a plan of action.
- Establishment of coordination plans and procedures (roles and responsibilities) between social protection, DRM and the humanitarian system for disaster response.

In the medium term, this would involve:

- Development of disaster response plans with a role for social protection.
- Pre-planned programme response with contingency funds, including pre-identified adaptation of coverage and duration of existing programmes:
  - the adjustment of transfer amounts or values
  - the introduction of extraordinary payments or transfers – modifications to programme rules and the relaxation of requirements to facilitate participation
  - opportunity for rapid expansion to non-beneficiaries
  - capacity of social protection sector to draft in additional district or field staff/teams OR ability to coordinate with appropriate institutions.

Systems to provide advanced warning for weather events are underdeveloped in Malawi, but some capacity exists and this is being strengthened to improve weather services and EWS. Progress in this area has two main implications for social protection programmes: the first is how EWS can provide relevant information to inform social protection programmes well enough in advance to alter programme design or implementation in anticipation of an event; and second, how EWS or climate information can be provided to social protection beneficiaries. Early warnings are only valuable if used to make a decision that can improve expected outcomes.

In the short term, this would include:

- Integrating climate information into social protection programmes. This would include

thorough analysis and identification of chronic and seasonal risks and vulnerability matched by appropriate and effective instruments, for instance long-range forecasts, to decide on areas of interventions, and using climate trend analysis to inform future programming in advance so that social protection programmes can prepare and plan for climate-related shocks.

- Programmes incorporate a long-term vision that includes the changing nature of shocks and stresses to support smallholder farmers diversify their income sources and build resilience in the short and medium term.
- Including DCCMS in relevant social protection coordination committees, and promote dialogue to understand how to better use this information for seasonal and disaster response at all levels. This could include a review of how to better link DCCMS to PRSP and to the CSSCs for more effective collaboration on the ground.
- Ensuring access of social protection beneficiaries to relevant climate and early warning information thus increasing beneficiary awareness, understanding and use of climate information. For example, benefits payment points or schools could be used to disseminate information or awareness on this. This might require training of programme staff.
- Monitoring the extent to which the ability to make decisions based on receipt of a weather forecast improves, along with the skill and availability of the forecast itself. Lessons from the pilots need to be systematically shared to inform new programming.

In the medium term, this would include:

- Integrating climate information and early warning into social protection programming for better seasonal and emergency programming, including contingency plans to act based on forecasts. It will require establishing SOPs for action of both weather and food-security EWS to integrate a role for social protection in line with social protection plans, which includes increasing coordination with the MVAC system to improve the production of information for early action. This will be part of the overall efforts in increasing coherence between social protection and emergency programming described above, and will require setting up adapted parameters or triggers for action through social protection.
- Creating greater literacy on climate services and weather forecasts in the social protection sector at national and district level. In collaboration with DCCMS, produce a training on climate change and weather forecasting for social protection policy-makers and practitioners.
- Seeking options on how to formalise the provision of weather and climate information into social protection programmes. This could include establishing a desk officer for social protection within the meteorological service once plans for shock-sensitive social protection have been further developed.

### **Monitoring, evaluation and learning**

There are currently M&E frameworks in place at the programme level, and a strong body of research available on social protection in Malawi, but there is a risk that the learning from these do not become embedded in institutions to improve programme design and implementation. As such, there is a need to strategically monitor progress towards improved shock-sensitive social protection systems and outcomes. Strong reporting, monitoring, evaluation and learning can greatly enhance systems development, programme outcomes and actors' capacities by identifying where the weaknesses lie, as well as what is going well.

In the short term this requires:

- Establishing a centralised database to hold and disseminate information on social protection, including on key learning from shock-sensitive social protection. This could be supported by donors and held by PRSP as a function of their coordination responsibilities.
- Actively discussing the emerging and key findings from assessments and evaluation reports at social protection co-ordination meetings and including action points for key learning outcomes.

- Supporting the development of programme MIS to generate reliable and appropriate data collection for learning/influencing future programme design and implementation.
- Setting out a monitoring and learning framework in the shock-sensitive social protection vision, which pays attention to cross-cutting themes of gender equality and life-cycle vulnerabilities. Typical indicators to measure progress might assess areas such as (Holmes et al., forthcoming):
  - **Input or process indicators:** the resources needed (cost, time and human resources); system components in place (e.g. databases, targeting mechanisms); planning and preparedness (e.g. contingency plans and funds in place); pre-agreed partnerships/coordination mechanisms.
  - **Output indicators:** both the number and proportion of households receiving the response through social protection; and the speed of delivering these benefits to the affected population.
  - **Outcome indicators:** these are important to understand the benefits conferred to households. It includes indicators on targeting effectiveness and the adequacy of benefits.
  - **Impact indicators:** changes to wellbeing and coping strategies; reduced household vulnerability or increased resilience to shocks (subject to the existence of baseline data).
- Continued investment in the assessment of the most efficient and effective way to transfer benefits to households, linking social protection and humanitarian response; disseminating and learning from all the pilots; and sharing lessons widely across the different stakeholders.

### **Financing shock-sensitive social protection**

#### **Key priorities**

1. **Invest more resources into core social protection programming** to improve programme effectiveness in reducing poverty and vulnerability (including re-design of programmes with enhanced focus on resilience) and seasonality.
2. **Multi-year commitments to finance seasonal and scalable social protection interventions** are essential.
3. A **pooled-funding mechanism** is highly desirable as it would help government and donors work more efficiently.

There are a number of challenges to financing a shock-sensitive social protection system that need to be overcome, namely: (i) the size of funding for core social protection programmes is relatively small compared to what is needed to reduce vulnerability and increase resilience; (ii) multi-year funding for seasonal social protection is not available and a significant portion of humanitarian funding is being channelled into regular annual responses to cover chronic food insecurity; (iii) funding mechanisms are not aligned or pooled in a way that supports coordination of programmes (or ability to implement efficiently).

The priorities discussed here will require a shift in the way of working in both the social protection and the humanitarian sector, by government and donors. Experience from Ethiopia suggests that donors have an influential role to play here in harmonising and pooling resources, with the recognition that greater impact will result from joined-up donor coordination into a long-term pooled-funding mechanism that supports a comprehensive system.

First it will be important to invest more resources into social protection programming to improve programme effectiveness in reducing poverty and vulnerability (including re-design of programmes with enhanced focus on resilience). While investment has increased, it will be important to advocate for continued investment, especially on shock-sensitive social protection. This will require the government to increase fiscal space for social protection and work with donors to encourage them to follow suit. This would involve:

- Costing out a plan for the feasibility of increased coverage and increased transfer values as part of regular social protection programmes.
- Conducting a Public Expenditure Review or similar assessment that includes the social protection, DRM and response sectors to achieve a better understanding of the existing architecture of financing and make recommendations for better rationalisation of expenditure (including for a seasonal safety-net intervention).
- EP&D and DoDMA to advocate to higher levels of government for budget lines and increased domestic funding. This would be done as part of a process of advocacy and consultation on shock-sensitive social protection, and would need to target budgetary decision-making.
- Advocacy from donors engaged in social protection and DRM to higher levels of government (Minister of Finance) for budget lines and increased domestic funding.

In addition, multi-year commitments to finance seasonal and scalable social protection interventions are essential. This will require a serious examination of whether and how current humanitarian donors would be able to reallocate humanitarian funding currently going to the annual food gap towards financing longer-term, seasonal social protection. This is a challenging task, but needs to be considered if a radical shift in the way Malawi handles seasonal food gaps is to be achieved. It would involve:

- A review of donor funding commitments to social protection and humanitarian support to analyse space for more efficient use of funds, including a seasonal safety-net intervention.
- Donors advocating for better, more effective use of humanitarian funding to higher levels in their own organisations, for instance on the potential use of humanitarian financing as contingency for social protection, channelling humanitarian financing through social protection systems when appropriate, and increasing overall multi-year commitments to long-term social protection (including seasonal intervention). This might be difficult in the current context in Malawi, but only a radical shift in the way programmes are funded and sequenced will address the challenges of the current system.
- Advocating/commissioning a comprehensive DRF strategy that includes costing of the scalability mechanism, once the rules of such a mechanism are established. Financial analysis can be performed to estimate the cost of the scalability mechanism under different scenarios, and then a financial strategy chosen (from contingency financing, contingent credit, crisis modifiers and humanitarian financing). This could also be done as part of the Public Expenditure Review and the advocacy and consultations process mentioned above. Models are being developed by the World Bank and DFID in Ethiopia and Kenya which could be replicated in Malawi, once the programmatic design of the scalability mechanism is agreed.

Finally, a pooled-funding mechanism is highly desirable in the long-term as it would help government and donors work towards common goals, and reduce fragmentation and consequent administrative burden. While there are obstacles to pooled funding in the short term, this should not prevent taking steps towards achieving multi-year funding for predictable needs. This would involve:

- Public finance management reforms addressing concerns over fiduciary risks (the experience from other countries shows that establishing monitoring and accountability mechanisms, including principles for funding mismanagement, are important, e.g. being disqualified from future funding if there is mismanagement of funds).
- Agreement on a way forward for pooled donor funding in order to provide multi-year coordinated funding to social protection programmes. The discussions around the SSF provide the basis for taking this further. This will require strong leadership from one or a group of donors to achieve a harmonised or coordinated funding strategy.
- Setting the parameters for a pooled-funding mechanism (SSF or a donor-coordinated fund), backed by a strong fund administrator. This would include using a basket-funding mechanism that would cover government budget, long-term guaranteed

contributions from development partners and private-sector contributions. The fund would need to make allocations for both increased chronic and seasonal coverage and, potentially, contingency funding and funding available on a multi-year basis. It would also include a harmonised budget and reporting system across NSSP programmes. Initially, this fund could cover some of the programmes with the goal to expand in the longer term.

- Including contingency funding triggered through early warning in the new MNSSP for vertical and horizontal scale-up of transfers during disasters.



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# ANNEXES

## Annex 1: Methodology

### 1. Rapid literature reviews

Two rapid reviews were drafted as internal project documents to provide an initial contextual understanding of i) the types of shocks Malawi faces, and ii) national and international experiences of shock-sensitive social protection. These reviews supported the development of the detailed research methodology. An annotated bibliography was also drafted as an internal document, based on a review of all the documents sourced from the Steering Committee group of this project.

### 2. Online consultation

An online consultation was designed and delivered (through survey monkey) to gather initial information and ideas on the role of social protection in preparing for and responding to shocks. The aim was to elicit opinions from a variety of stakeholders at national and district levels to understand current views on the appropriateness of a shock-sensitive social protection system for Malawi, the key barriers to its development, and their priorities for moving the agenda forward. The specific questions asked were:

1. What do you understand as the role of social protection in Malawi?
2. Do you think that it is appropriate to make social protection more shock-sensitive in Malawi?
3. In your opinion, what are the ways in which social protection can be used to help households prepare for, respond to, and recover from shocks in Malawi?
4. In your view, what are the main elements that need to be in place for a shock-sensitive social protection system in Malawi to be effective?
5. What do you think are the initial priorities in moving towards shock-sensitive social protection?

### 3. District-level workshops

Two consultation workshops were held with district-level representatives from government and partner organisations, in order to maximise the geographical coverage of the data collection in the time available, and to capture perspectives from the district level. The first workshop was held in Lilongwe and represented the north and central regions, with participants from Dedza, Mchinji, Karonga and Salima districts. The second, representing the southern region, was held in Blantyre with participants from Balaka, Chikwawa, Zomba and Mwanza districts.

Each workshop ran for one day, and the goals were to i) introduce and present concepts around shock-sensitive social protection programming; ii) gain knowledge and understanding at the district level on the types of shocks experienced and responses to them (policies, programmes and systems); and iii) discuss the challenges and opportunities in moving towards shock-sensitive social protection.

### 4. Author interviews at district level

Field visits were made to a number of relevant programmes and initiatives selected by Steering Committee members, to gain insights into the operational context and the different approaches already being piloted (within the MNSSP, and with linkages to humanitarian response and complementary activities). In-situ author interviews were held with implementers and others at the project sites, and while travelling to and from the sites. Beneficiaries and local community representatives were also interviewed as opportunities arose during the field visits.

More formal author interviews were also held at the offices of selected government and partner representatives in the districts visited.

### **5. Author interviews at the national level**

The team also carried out interviews with a range of stakeholders at the national level, including stakeholders from government and international organisations. The aim of these interviews was to gain in-depth detail on features of selected programme design and implementation, of NSPP policy processes, of harmonisation and coordination opportunities and challenges, and the mechanics of the social protection system. The checklists for these interviews focused on targeting, early warning and information systems, current capacity and resources, and the feasibility of financing options.

## Annex 2: Social protection programme details

The current social protection programming approach in Malawi is guided by the Malawi National Social Support Programme (MNSSP), which has been designed to operationalise the National Social Support Policy (NSSP) between 2012 and 2016. To achieve the objectives of the NSSP, five intervention areas are prioritised: i) Social Cash Transfer Programmes (SCTP), ii) Public Works Programmes (PWP), iii) School Meals Programmes (SMP), iv) Village Savings and Loans (VSLs), and v) Microfinance (MF).

In theory, there is a logic behind the above set of interventions as they are designed to reach households at different levels of poverty. The SCTP is targeted at the poorest, labour-constrained households (estimated as the bottom 10% of the national poverty distribution); PWP is targeted at poor households with labour capacity, and MF is for the less poor. The NSSP envisages that beneficiaries will move between these different programmes, and that VSLs are provided to existing SCTP and PWP beneficiaries (e.g. not implemented as a standalone programme). In other words, SCTP beneficiaries will be able to access VSLs, and, with time, VSL members will then be able to access MF.

**Social cash transfer programme:** The SCTP is a regular unconditional cash transfer for ultra-poor and labour-constrained households. It has several objectives: it seeks to reduce poverty and hunger; increase school enrolment and attendance; and improve the health, nutrition and well-being of vulnerable children (Pozarny and O'Brien, 2015). As we discuss below, impact evaluations show that the SCTP is meeting a number of these objectives, including increasing households' food security. This programme has also seen innovations in linking it to emergency response – for example, the automatic inclusion of SCTP beneficiaries in the recent JEFAP – and an increasing focus on linkages with other services and programmes to help multiply the impacts of the programme to reduce poverty and vulnerability. This programme has also experimented with innovations in targeting, management information systems (MIS) and delivery systems – both to improve efficiencies in delivery, and also to provide a base infrastructure that can be used by emergency responses.

The SCTP transfers income every two months (in most districts) and the amount varies from MWK 2,600 to MWK 5,400 depending on household size (with the maximum payments going to households with four or more members (Pozarny and O'Brien, 2015), with a top-up for children in school. This accounts for approximately 17% of consumption (UNC, 2014).

The SCTP was launched as a pilot in one district (Mchinji) in 2006. As of April 2016, the SCTP was implemented in 18 districts (out of 28), reaching 170,000 households (755,730 beneficiaries) and just under 10% of the poor population. Coverage will be expanded nationwide through the additional funding of nine districts under MASAF IV and an additional district funded by Irish Aid.

The SCTP is led by the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW), and is implemented through District Councils, District Social Welfare Offices and Community Social Support Committees (CSSCs). It is funded by four development partners, each of which funds different districts (KfW: 7 districts, the European Union: 7 districts, the World Bank: 2 districts (as part of the MASAF), and Irish Aid: 1 district). The Government of Malawi contributes approximately 10% to the overall cost of implementing the programme. KfW and the EU also fund an MIS component.

The programme is targeted at ultra-poor households that are also labour constrained (determined by dependency ratios), and it utilises a mixed targeting method that uses proxy means testing through the use of a poverty scorecard survey and community verification techniques.<sup>35</sup> Targeting is carried out by local government staff and community representatives organised in CSSCs (Development Pathways, 2016).

**Public works programmes:** There are numerous PWPs in operation across the country. In general, PWPs aim to transfer income to the non-labour-constrained poor by providing employment opportunities, often in remote areas where there are few jobs (ILO, 2016).

**Local Development Fund/Malawi Social Action Fund:** the Government of Malawi receives funding from the World Bank to implement the MASAF IV project (2014-2018), entitled 'Strengthening safety nets systems in Malawi'. Under the Productive Safety Nets component, the Productive Community-Driven Public Works programme is designed and implemented to provide transfers to poor households through participation in community-driven public works. The programme has provided short-term, labour-intensive employment opportunities targeted to poor households since the mid-1990s. In 2012, the government doubled the size of the programme to reach approximately 500,000 households per year, and it aimed to improve lean-season food

<sup>35</sup> <http://www.ldf.gov.mw/ldf-programmes/masaf-iv/>



security and increase the use of fertiliser, which could increase productivity in the next harvest season (Beegle et al., 2015). MASAF IV aims to create assets and provide temporary employment for the ultra-poor with labour capacity in the same communities for three years, with the objective of increasing household-level incomes and food security, and reduce households' exposure to risks associated with climate hazards and other disasters.<sup>36</sup> In terms of shock-sensitive features, despite the objectives of this programme to explicitly support seasonal vulnerability of poor households, the impacts of the earlier MASAF programme have been limited. Evidence shows that there has been no impact on food security or the use of fertiliser. This programme has requested additional financing to facilitate the scale up in response to the most recent emergency faster, by increasing the number of PWP beneficiaries (and increasing the number of days of work to 96, but with participants only working for one year), and increasing the number of districts to include SCTP beneficiaries (authors' interviews, January 2017).

The programme aims to increase household income by paying labourers at a prescribed wage rate and create community assets. The benefit to the households is provision of 36 days of wage labour (four hours of work for 12 days a year over three years, at particular times of the year). Wages are set equal to or below market wages for unskilled labour, with the wage rate for the programme having been adjusted recently to MK 600 from MK 485 (LDF, 2015; Kardan, 2016; Development Pathways, 2016). This means that a household will receive approximately MK 21,600 (c. £24) over the three years. In 2014/15 the programme was operating nationwide and benefiting approximately 521,000 people (ILO Assessment, 2015).

The programme is implemented through the Local Development Fund mechanism, which is managed by the Technical Support Team (TST). The allocation of resources across the districts will be based on the intergovernmental fiscal transfer formula, which considers factors such as population, poverty and vulnerability (using MVAC findings and poverty profiles) (Project implementation manual).

#### **Box A2: The World Food Programme's Food Assistance for Assets programme**

The Food Assistance for Assets (FFA) programme is part of the WFP's protracted relief and recovery efforts in Malawi. It aims to link early recovery and long-term resilience-building through household asset creation (WFP, 2014). Specifically, FFA is implemented in the April-September post-harvest period, and on a reduced scale in October-March (when people are working on their farms). Cash, food or vouchers have been paid to participants based on market and sector assessments, that take into account seasonality, price trends, food availability and cost efficiency tied to a food basket of 50 kilograms (kg) maize, 2 litres of cooking oil, 10kg pulses (ibid.; WFP pers comms.). In 2014/15 it benefited 45,000 participants, and in 2015/16 benefited 80,118 (WFP, pers comms). The FFA ration provides 90% of daily energy requirements. Each FFA participant will be offered work or training in productive skills for up to four hours per day for 20 days per month, guided by established work norms and gender considerations (e.g. implemented in ways that enable equitable participation by men and women and a reduction in the burden of women's domestic, care and income-generating responsibilities (ibid.)).

**School meals programmes:** School meals are provided by several stakeholders, including the Government of Malawi, WFP and Mary's Meals (funders include the Government of Malawi, DFID, the EU and GIZ) (the latter two are the largest implementers in Malawi). The objectives of SMPs are to improve child nutrition, increase children's learning in class, promote enrolment and regular attendance at school, and reduce school drop-out rates (ILO Assessment, 2015). In terms of shock-sensitive features, SMPs have a long-term, regular distribution of school meals, and specific target groups are given take-home rations during the lean season. Positive effects of school meals have been found for food security and continuing children's attendance at schools. The programme has scaled up recently in response to the emergency, although it has also faced challenges in terms of the time needed to start implementing the emergency programme in new schools (setting up the programme infrastructure, etc.).

WFP's SMP includes three interventions (see WFP, 2016), including: daily porridge, which aims to reduce short-term hunger and improve attention span in class (748 primary schools in 13 food insecure districts that have the lowest enrolment, highest dropout and repetition rates, and widest gender disparities); take-home rations during the lean season to orphan girls and boys, dependent on 80% school attendance rate; and early childhood development through the provision of daily porridge to children under the age of five who attend targeted Community-based Childcare Centres (CBCCs) to promote early learning and stimulation, strengthen

<sup>36</sup> <http://www.ldf.gov.mw/ldf-programmes/masaf-iv/>

nutrition and reduce underage enrolment in primary schools (as of 2016, support was provided in 18,567 pre-primary-aged children in 90 CBCCs in two districts).

Targeting of districts by the WFP and Mary's Meals are based on indicators of food insecurity and childhood malnutrition. Schools are then selected based on food insecurity, poverty rates, gender disparities in schooling, education outcomes and malnutrition indicators (ILO Assessment, 2015). Government school-feeding programmes target districts and schools based on food insecurity, enrolment and attendance, school performance in standardised tests, and accessibility of the school (ibid.). All students in a school receive a daily meal.

School feeding is not nationwide – most school-feeding interventions are concentrated in southern and central regions, and approximately 25% of all primary school children receive school meals (ibid.). The WFP-implemented SMP, for example, reaches 639,000 primary and pre-primary students in 14 food-insecure districts (WFP, 2017).

**Village savings and loans:** VSL associations are groups of people who contribute income to pool their savings with the purpose of lending funds to members – the services usually include savings accounts, access to loans, and insurances. There are over 100 VSL programmes in operation by different implementers. The two largest programmes implementing and supporting VSL schemes are the World Bank's Community Savings and Investment Promotion (COMSIP) and the Enhancing Community Resilience Programme (ECRP), which is implemented by six NGOs (ILO Assessment, 2015). Participation in VSLs is usually self-selected. In 2015, 67 organisations implemented VSLs, with a total of 37,461 savings groups and 610,596 members (ibid.). COMSIP operates nationwide, but the majority of members are concentrated in the central region of Malawi (ibid.).

**Microfinance:** MF is included in the MNSSP for its potentially significant role in reducing poverty by increasing access to finance and expanding income-earning opportunities (ibid.). The MNSSP focuses on strengthening the capacity and outreach of poverty-focused MF initiatives; however, in practice there has been little implementation of these objectives (ILO Assessment, 2015).

### Annex 3: Population at Risk of Food Insecurity 2005-2016, as per MVAC reports

District	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Balaka,	247,457	25,900		27,091	55,332	23,362	11,256	208,501	95,647	29,186	196,551	333,943
Blantyre	276,609	106,500		7,026		49,522	31,344	129,971	98,747	30,271	106,836	326,360
Chikwawa	348,186	59,900	177,400	26,240	141,544	74,724	58,554	275,653	110,976	24,826	237,618	498,988
Chitipa	42,972										63,524	
Chiradzulu	225,159			16,498		19,280	31,482	28,711	56,462		70,691	241,214
Dedza	183,289			53,127				70,406	56,262	13,675	106,900	223,681
Dowa	77,907	48,800							31,753	40,005	112,251	228,709
Karonga	16,634		62,600						56,005	33,891	62,721	
Kasungu	143,317	238,200							113,813		97,757	352,125
Lilongwe	196,923	87,900								88,620	89,203	427,627
Machinga	262,582	6,300		22,761		20,120		20,556	114,234	36,625	113,914	456,225
Mangochi	259,622	39,500		55,997				14,340	118,691		210,879	657,585
Mchinji	74,378								58,553	33,111	139,185	170,541
Mulanje	398,522	65,900		92,558		41,560		349,389	37,501	69,504	103,466	354,306
Mwanza	68,550			23,523		9,042	5,235	71,916	71,358	22,528	22,184	39,656
Mzimba	177,696	51,300		40,509					211,755	45,287	231,511	113,594
Neno	67,200	22,400				20,760	9,553	110,080	77,218	7,365	57,663	80,308
Nkhata Bay		11,700										
Nkhotakota	130,324								38,676		39,815	58,134
Nsanje	185,468	51,900	83,900	46,225	62,139	44,589	31,005	105,012	81,154	11,843	109,942	236,028
Ntcheu	336,482					27,823	38,026	135,372	21,933	68,937	91,548	396,309
Ntchisi	75,067	98,500							23,360			82,679
Phalombe	144,967	27,000		45,671		29,214	15,165	70,178	101,745	50,861	120,627	244,297
Rumphi	21,629	25,300							29,415	34,818	37,871	32,218
Salima	203,125	13,800		31,697				52,468	99,367	25,524	62,301	259,737

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Thyolo	396,607			48,302		112,260		193,387	59,294	9,909	175,232	404,353
Zomba	355,651			76,066	16,153	35,832	30,791	137,053	91,264	18,814	205,413	473,497
<b>Totals</b>	<b>4,916,323</b>	<b>980,800</b>	<b>323,900</b>	<b>613,291</b>	<b>275,168</b>	<b>508,088</b>	<b>262,411</b>	<b>1,972,993</b>	<b>1,855,183</b>	<b>695,600</b>	<b>2,865,603</b>	<b>6,692,114</b>

Source: Adapted from data provided by WFP Malawi for this research.

## Annex 4: Overview of policies and institutions relevant for shock-sensitive social protection

Sector	Policies/plans	Aims	Under review?	Lead agency	Coordination mechanisms	District implementation	Link with shock-sensitive social protection
Country-level strategy	Malawi Growth and Development Strategy II, 2011-2016	Country's overall strategy for investing in both economic growth and social development, and serves as the basis for coordinating all socio-economic and development activities.	Yes, MGDS III	President's Office	At sectoral level	At sectoral level	Pillar on social protection and disaster risk reduction.
Social protection sector	National Social Support Policy (2012), National Social Support Programme (MNSSP) (2012)	Four main objectives: providing welfare support to those without viable livelihood strategies, protecting assets and improving resilience of poor and vulnerable, increasing their productive capacity and asset base, and enhancing synergies with socio-economic and disaster management policies.	Yes. MNSSP under review	Ministry of Finance, Economic Planning and Development (MoFEPD), that also acts as secretariat for the programme, through its Poverty Reduction and Social Protection (PRSP) division.	*Cabinet Committee on Economy and Public Sector Reforms * National Social Support Steering Committee (line ministries, development partner institutions, and civil society), responsible for policy and resource mobilisation. * National Social Support Technical Committee (technical direction and recommendations on programme implementation).	Local Council Social Support Committee (coordinates implementing partners including government and NGOs) Area and Village Development Committees Social Support Subcommittees (oversee implementation of social-support activities).	Recognises the importance of climate shocks and disasters as driver of poverty and food insecurity.
Disaster risk management	Disaster Risk Management Policy and Implementation Plan (2015)	To sustainably reduce disaster losses in lives and in the social, economic and environmental assets of individuals, communities and the nation.	No	Department of Disaster Management Affairs (DoDMA), in the Office of the President and Cabinet.	The National Disaster Risk Management Committee (NDRMC) provides policy directions to the National Disaster Risk Management Technical Committee.	District Executive Committee and District, Area and Village-level Civil Protection Committees.	Social support is not a technical stream. Unclear how social-support sector is represented in committees.
	National Resilience Plan (forthcoming)	Integrate and consolidate different streams of work that support resilience-building in the context of food insecurity.	Yes, new plan	DoDMA, in the Office of the President and Cabinet.	NDRMC provides policy directions.	Unclear.	Social protection is a sector/work stream under the plan.

Humanitarian	Unclear.	Unclear	Unclear	MVAC leads assessment, Humanitarian Response Committee leads response.	MVAC provides information to the humanitarian community in Malawi and to DoDMA. Humanitarian Response Committee: and related institutional structure.	Through WFP and NGO consortium.	Have not been made explicit in policy or in coordination mechanisms. Many of the implementing actors are the same for both humanitarian and social protection.
Climate and environment	Climate change policy structure: National Climate Change Management Policy (NCCMP) (2016); National Climate Change Investment Plan (2013); National Adaptation Programme of Action (NAPA, 2006); National Determined Contributions (NDCs) (2016).	NCCMP formulates the set of principles, strategies and institutional frameworks for effective management of climate change; Investment Plan focuses on adaptation and mitigation measures. NAPA and NDCs aim to promote climate change adaptation and mitigation whilst moving the country's development pathways towards a green economy .	No	Policy: Ministry of Natural Resources, Energy and Mining Environmental Affairs Department (relevant departments: Environmental Affairs; Climate Change and Meteorological Services).	Cabinet Committee National Technical Committee on Climate Change.	Unclear.	No explicit linkages.
Agriculture	The National Agriculture Policy (2015)	Increase agricultural productivity and the following priorities: Sustainable agricultural production and productivity; sustainable irrigation development; food and nutrition security; institutional development, coordination and capacity strengthening.	No	Ministry of Agriculture.	Unclear (not researched due to the scope of this study)	Unclear, (not researched due to the scope of this study)	Social protection recognised as part of food security. Role for PRSP.

## Annex 5: Institutional partnerships and collaboration for implementation of MNSSP sub-programmes

Sub-programme	Responsible institutions/coordinating structures
MNSSP coordination	Cabinet Committee on Economy and Public Sector Reforms; National Social Support Programme Steering Committee (NSSP SC), National Social Support Programme Technical Committee (NSSP TC), technical working groups (SCTP, PWPs, school meals, VSL and MF). Social Protection Donor Coordination Group (DPs only, meets every two months).
Microfinance	MoFEPD, Reserve Bank of Malawi (RBM), microfinance institutions (MFIs), mobile phone companies, NGOs and community-based organisations (CBOs), tertiary training institutions.
Village Savings and Loans (VSL),	Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW), Ministry of Trade and Industry, Ministry of Local Government and Rural Development, Ministry of Finance, Ministry of Civic Education, COMSIP, RBM, MFIs, NGOs and CBOs, village agents.  Mostly funded through non-government sources and does not have a policy framework or lead ministry.
Public Works	MLG&RD, District Councils (DCs), Ministry of Information, Ministry of Agriculture, Irrigation and Water Development (MoAIWD), and Department of Forestry (DoF), World Bank, WFP.  At the National level, MASAF is implemented through the Local Development Fund (LDF) TST. The implementation of the programme at sub-national level is meant to be aligned with the local governance structures. At the district level the District Executive Committees has the overall responsibility for identification of areas for intervention, guided by costed priorities reflected in the District Development Plan. The coordination of the targeting process is through the District Social Support Committee (DSSC) and the Public Works Programme Director. Area Development Committees and Village Development Committees provide support in selection and management of PWPs.
Social cash transfer	At the national level the programme is managed by the Directorate for Social Protection Services (DSPS) under MoGCDSW. The DSPS oversees the overall management and coordination of the targeting process.  At the district level, the DSSC – with members from different government departments and chaired by District Social Welfare Officers – plays a leading role in implementation.  At the village level, community meetings are chaired by Group Village Heads and the targeting process is support by CSSC members. The CSSCs are responsible for a village cluster that comprises of a number of villages that are grouped into different zones.
School meals	Ministry of Education, United Nations agencies, MLG&RD, MoAIWD, DoF, volunteers and beneficiaries.

urce: Adapted from Kamanga (2016), Kardan (2016), O'Neill and Hall (2016)