# CURRENCY EQUIVALENTS

(Exchange rate effective October 4, 2007)
Currency Unit = Malawian Kwacha
US$1.00 = 139 MWK
Weight and Measures = Metric System

**FISCAL YEAR**
July 1 to June 30

## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARV</td>
<td>Anti-retroviral</td>
</tr>
<tr>
<td>CCT</td>
<td>Conditional Cash Transfer</td>
</tr>
<tr>
<td>CFW</td>
<td>Cash for Work</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development</td>
</tr>
<tr>
<td>DoNHIV</td>
<td>Department of Nutrition and HIV/AIDS</td>
</tr>
<tr>
<td>DoPDMA</td>
<td>Department of Poverty and Disaster Management Affairs</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FFW</td>
<td>Food for Work</td>
</tr>
<tr>
<td>GoM</td>
<td>Government of Malawi</td>
</tr>
<tr>
<td>IPPRI</td>
<td>International Food Policy Research Institute</td>
</tr>
<tr>
<td>IHS</td>
<td>Integrated Household Survey</td>
</tr>
<tr>
<td>MASA M</td>
<td>Malawi Social Action Fund</td>
</tr>
<tr>
<td>MGIDS</td>
<td>Malawi Growth and Development Strategy</td>
</tr>
<tr>
<td>MoAFS</td>
<td>Ministry of Agriculture and Food Security</td>
</tr>
<tr>
<td>MoE</td>
<td>Ministry of Education and Human Development</td>
</tr>
<tr>
<td>MoEPD</td>
<td>Ministry of Economic Planning and Development</td>
</tr>
<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>MoWCD</td>
<td>Ministry of Women and Child Development</td>
</tr>
<tr>
<td>MoH</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>MoLVC</td>
<td>Ministry of Labour and Vocation Training</td>
</tr>
<tr>
<td>MoLG</td>
<td>Ministry of Local Government and Rural Development</td>
</tr>
<tr>
<td>MoMNR</td>
<td>Ministry of Mines and Natural Resources</td>
</tr>
<tr>
<td>MoWD</td>
<td>Ministry of Irrigation and Water Development</td>
</tr>
<tr>
<td>MoTPSD</td>
<td>Ministry of Trade and Private Sector Development</td>
</tr>
<tr>
<td>MPVA</td>
<td>Malawi Poverty and Vulnerability Assessment</td>
</tr>
<tr>
<td>NEC</td>
<td>National Economic Council</td>
</tr>
<tr>
<td>NSIO</td>
<td>National Statistical Office</td>
</tr>
<tr>
<td>NSPSC</td>
<td>National Social Protection Steering Committee</td>
</tr>
<tr>
<td>NSPTC</td>
<td>National Social Protection Technical Committee</td>
</tr>
<tr>
<td>OPC</td>
<td>Office of the President and Cabinet</td>
</tr>
<tr>
<td>OVC</td>
<td>Orphans and Vulnerable Children</td>
</tr>
<tr>
<td>PAP</td>
<td>Poverty Alleviation Program</td>
</tr>
<tr>
<td>PLWHA</td>
<td>People Living with HIV/AIDS</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>PWP</td>
<td>Public Works Program</td>
</tr>
<tr>
<td>SNU</td>
<td>Safety Net Unit</td>
</tr>
<tr>
<td>SP</td>
<td>Social Protection</td>
</tr>
</tbody>
</table>

Vice President: Obiageli Ezekwesili
Country Manager/Director: Tim Gilfo/ Michael Baxter
Sector Manager: Ian Bannan
Task Team Leader: Todd Vedeld
Malawi
Social Protection Status Report

TABLE OF CONTENTS

ACKNOWLEDGEMENTS .................................................................................................................. iii

EXECUTIVE SUMMARY ................................................................................................................. v

1. INTRODUCTION: SOCIAL PROTECTION ON THE AGENDA IN MALAWI .... 1
   Rationale ................................................................................................................................. 1
   Aim of this report ................................................................................................................... 3
   Limitations of the stocktake ................................................................................................. 4
   Report approach and outline ............................................................................................... 6

2. PROFILE OF POVERTY, RISK AND VULNERABILITY ...................................... 7
   Poverty and vulnerability in Malawi .................................................................................. 7
   Where are the poor and vulnerable? .................................................................................... 10
   Poverty and vulnerability at household level ........................................................................ 13
   Poverty and Vulnerability Profile ..................................................................................... 18

3. INVENTORY OF SOCIAL PROTECTION INTERVENTIONS .................................... 21
   Background and approach to the inventory ....................................................................... 21
   Project types and beneficiary coverage ............................................................................. 23
   Objectives and target groups ............................................................................................. 26
   Geographic coverage of safety nets interventions ............................................................. 28
   Implementing agencies and period of implementation ....................................................... 30
   Intervention costs ............................................................................................................... 32

4. LINKING THE INVENTORY TO THE PROFILES ....................................................... 37
   Geography of poverty, risk and vulnerability ..................................................................... 37
   Inventory and needs of poor and vulnerable groups ......................................................... 38

5. INSTITUTIONAL ARRANGEMENTS ........................................................................... 41
   Key issues and questions ..................................................................................................... 41
   Institutional arrangements for safety nets and social protection ....................................... 42
   Progress: Towards a strong lead and institutional home ................................................... 45
   Remaining challenges for institutionalizing social protection ......................................... 46
   Social protection monitoring strategy ................................................................................. 51

6. BROAD PROGRAM OPTIONS AND AFFORDABILITY OF SOCIAL PROTECTION ........................................................................................................... 53

7. CHALLENGES FOR SP PROGRAM FORMULATION: CONCLUSIONS AND RECOMMENDATIONS ....................................................................................................................... 62
   References ............................................................................................................................ 69
   Appendix 1. Types of poor households ................................................................................. 72
LIST OF FIGURES, BOXES AND TABLES

Box 1.1 The emergence of social protection in Malawi ........................................................ 2
Box 2.6 Matching orphan status against an income profile ................................................... 9
Box 3.1 Key MPVA findings on project types ................................................................... 25
Box 5.1 Examples of donor coordination and harmonization in Malawi ............................. 47
Box 5.2 Social Protection at District Level: Opportunities and Challenges ......................... 49
Box 6.1 Recommendations from the MPVA ................................................................ 55
Box 6.2 Honduras Community based Integrated Child Care Program ................................. 57
Box 7.2 Social Protection Framework: Guiding Principles ................................................. 66

Table 2.1 Human development indicators ............................................................................. 8
Table 2.2 Poverty and population by region ........................................................................ 10
Table 2.3 District poverty rates .......................................................................................... 11
Table 2.4 Intra-annual vulnerability by district .................................................................. 11
Table 2.5 Vulnerability within districts .............................................................................. 12
Table 3.1 A summary of ‘social protection’ in Malawi ....................................................... 21
Table 3.2 Project types 2003-2006 ..................................................................................... 24
Table 3.3 Proportion of households that reported benefiting ............................................... 25
Table 3.4 Interventions and target groups ........................................................................... 26
Table 3.5 Number of projects and related expenditure by district ........................................ 29
Table 3.6 Implementers of safety net interventions ............................................................... 30
Table 3.7 Estimated costs of social protection costs in 2003-2006 ...................................... 33
Table 3.8 Costs per beneficiary, district and project ............................................................. 34
Table 4.1 Poverty, vulnerability and regional coverage of CCT and SSP ............................ 37
Table 4.2 Poverty, vulnerability, population share and project concentration ..................... 37
Table 4.3 Needs and current and potential projects ............................................................. 40

Figure 1 Poverty, risk and vulnerability profile for Malawi ................................................ 20
Figure 2 Relative share of social protection components ...................................................... 24
Figure 3 Cost per vulnerable person / district ...................................................................... 29
Figure 4 Cost per poor person / district ............................................................................. 30
Figure 5 Period of implementation ..................................................................................... 32
Figure 6 Financiers in total SP cost ..................................................................................... 35
Figure 7 Institutional arrangements for Safety Nets 2003-2006 ........................................... 43
Figure 8 Institutional arrangements for Social Protection 2006 .......................................... 44
Figure 9 The scope of social protection .............................................................................. 58
ACKNOWLEDGEMENTS

This status report provides a stocktake of social protection in Malawi over the period 2003-2006, and aims to help Malawi move towards a long-term social protection policy and program. The report examines the range, goals, and coverage of existing social protection interventions, and how this matches the profile of poverty, risk and vulnerability. Moreover, the report provides an assessment of the current institutional and financial arrangements for social protection, and suggests options for a more coherent national social protection program.

This report has been carried out jointly by the Government of Malawi and the World Bank, and with the active involvement of a group of development partners providing support for social protection in Malawi, including DFID, UNICEF, WFP, European Commission, Norway, USAID, and representatives of civil society.

The report was prepared under the general guidance of Bright Msaka, Chief Secretary, Office of the President and Cabinet and Chairperson of the National Social Protection Steering Committee (NSPSC), Frank K. Byamugisha (Acting Sector Manager, AFTS1, World Bank) and Ian Bannon (Sector Manager, AFTCS, World Bank). Tim Gilbo (Country Manager, World Bank), Michael Baxter (Country Director, World Bank) and Tijan Sallah (Lead Specialist, World Bank) also provided direction and guidance for the project.

The report was prepared through a joint government-development partner process under guidance by a team of government and World Bank officials led by Ms. Lillian D. Ng’oma, Secretary & Commissioner Department of Poverty and Disaster Management Affairs (DoPDMA), Office of the President and Cabinet, and Trond Vedeld (AFTCS, Task Team Leader, World Bank). The key authors of the initial report were Rachel Slater, Overseas Development Institute (ODI) and Maxton Tsoka, Centre for Social Research (CSR) (consultants). The peer reviewers were A. Waafas Ofosu-Amaah, Will Wiseman, and Renos Vakis (all World Bank). The report benefited greatly from comments by members of the National Social Protection Technical Committee (NSPTC); special thank to Harry Mwamlima in the Social Protection Unit for extensive and valuable comments. Ben Botolo, Director M&E, provided additional guidance as the Social Protection Unit was relocated to the Ministry of Economic Planning and Development. Other core staff of the Social Protection Unit providing valuable input were A. Mzoma, Coordinator, and K. Kaphaizi, Coordinator. The report has also benefited from comments and valuable input from core donor representatives, including Sharon Kinsley (DFID), Mulle Chikoko (DFID), Mayke Huijbrechts (UNICEF), Bernd Schubert (consultant), Don Scalpelli (WFP), Dominique Blariaux (EU), and Oystein Botillen (Norway).

The World Bank team involved in developing the report and translating findings into the broader social protection policy process included Hardwick Tchale, Azedine Ouerghi, Antonio Nucifora, Nginya Mungai Lennieye, Chrissie Kamwendo, and Wim Alberts. The report benefited greatly from additional analysis on labor and labor scarcity by Kathleen Beegle (DEC, World Bank). Comments were also provided by Harold Alderman, Khwima Nhara, David Rohrbach, and Paul Siegel (all World Bank). The work has also benefited from input by Stephen Devereux and other professionals linked to RHVP. Support from World Bank Institute (WBI) has been provided by Kaleb Tamiru and Danielle Carbonneau.
The report has received comments through two dissemination workshops with various stakeholders, and contributions from a wide range of stakeholders, including members of civil society and beneficiaries of social protection programs at household level.

Meseret Kebede and Sharon Dotto Abu have undertaken the desk-top editing of the final document, and provided excellent administrative support throughout the process. Such assistance was also provided by Annie Jere and Grace Soko in various aspects of the administration of the project. The work was funded by the World Bank with financial support from the Norwegian-Finnish Trust Fund for Environment and Socially Sustainable Development.
EXECUTIVE SUMMARY

Malawi is in the process of moving away from safety nets programming towards more long-term predictable social protection programming that helps poor households deal with risk and shocks through a more institutionalized and coordinated approach. There are significant changes underway to transform the way that social protection is designed, funded and implemented in Malawi. Social protection is on the agenda of Government, donors and NGOs in Malawi, and a National Social Protection Steering Committee and National Social Protection Technical Committees has been established.

In the period 2003-2006, including emergency aid and disaster response, the combined safety nets/social protection system amounted to an average of more than USD 134 million per year. There are, therefore, compelling reasons to ensure that the system for delivering social protection is efficient and effective.

This report provides a stocktake of social protection in Malawi for the period 2003-2006, and, in partnership with the development of a Malawi Social Protection Framework, aims to help Malawi move towards a long-term social protection policy and program. The report answers two specific questions:

i) Do the range, goals and coverage of existing social protection interventions (inventory) match up with the existing profile of poverty, risk and vulnerability?

ii) Do the current institutional and financing arrangements match up with the need for institutionalized social protection in Malawi?

The work feeds into a final section on options for a more significant and coherent national social protection program. For the purposes of this report social protection is defined as comprising:

The policies and actions that protect and promote the livelihoods and welfare of poor and vulnerable people

It is recognized that social protection overlaps with social policy, economic policies, and disaster reduction, and should not be considered as a stand alone policy.

Profile of poverty, risk and vulnerability in Malawi

Poverty in Malawi is widespread and pervasive, and over half (52 percent) of the population – 6.4 million people in 2005 – live below the national poverty line, and one in five (22 percent) are defined as ultra poor, with income below expenditure of minimum food requirements. The overall number of poor has remained fairly stable over the last decade. Vulnerability seems to be increasing in rural areas, largely due to repeated shocks and depletion of assets. On a district by district basis, poverty tends to increase southwards in Malawi but there are significant pockets of high poverty levels even in the north and pockets of deep poverty in districts with low overall poverty levels. Rural poverty is more pervasive than urban poverty but urban poverty is growing faster. Proxies to identify poor households are difficult to establish but, drawing on the Malawi Poverty and Vulnerability Assessment, the stocktake suggests a focus on the following types of households for formulating policies and approaches to social protection (a more detailed overview of these groups is provided in Appendix 1):
i) **Ultra-poor households (including destitute)** are usually larger than average households and with higher dependency ratio, and characterized by a lack of assets, especially limited landholdings (land per capita). Within the ultra-poor group is a sub-group of households that can be categorized as *destitute*. These are ultra-poor households that have the least assets and land (per capita), have no labor and/or high dependency ratios, for example due to chronic illness. Poor female headed households and elderly and child headed households would be more frequent in this category;

ii) **Poor households or moderately poor households** are households that fall above the ultra-poverty line, but are below the poverty line. They have some assets (land and labor) but are exceedingly vulnerable to further impoverishment. These households are also heavily dependent on agriculture (or fishing) and are net consumers of food;

iii) **Transient or at risk households** are mostly found above the poverty line but are still vulnerable to adverse effects of shocks and stresses, and may easily fall into poverty/ultra poverty.

**Inventory of Safety Nets in Malawi**

*The current mix and outreach of the present safety nets system do not match up with the profile of the poor and vulnerable and their critical needs. The inventory shows that social protection is dominated by short-term term relief or emergency responses, the most extensive program being subsidized/free food distribution, and subsidized agricultural inputs. There have also been important investments in public works and school feeding. There are very few long-term developmental programs that are fully funded.*

*The level of funding for different projects is not necessarily inadequate, but many projects do suffer from limited beneficiary coverage, mis-targeting and significant leakages (especially the major transfer programs). Some of the projects have less direct relevance for social protection as defined in this report. Most programs are small and resources are spread thinly among many target groups. Some instruments are wrongly targeted, or there are various inclusion or exclusion errors (for example agricultural inputs provided for landless households). Different stakeholders recognize a very broad range of poverty and vulnerable groups, creating a confusing overlapping of target groups.*

**Institutional arrangement**

*New institutional arrangements in Malawi give social protection a strong lead actor and institutional home.* Under these new arrangements social protection will be largely government-owned and government-driven as long as donors can be better coordinated and harmonies their policy positions on social protection firmly behind government. The Social Protection Unit remains under-resourced, however, although very recently some progress has been made to improve staffing levels and technical support. Even so, the stocktake finds that the progress made so far by the SPU and committees to strengthen leadership and government ownership of social protection has been critical. The vision of the SP in Malawi is to have separate, ring-fenced, basket funding for SP interventions and suggestions for institutional options are presented.

*The roles of district assemblies and NGOs in a decentralized social protection program should be clearly thought through. Moreover, the extent to which NGOs or local governments can successfully ensure that the voices of poor and vulnerable groups are heard in the new National
Social Protection Steering and Technical Committees is not yet clear. It is also unclear whether working through all-party parliamentary committees can ensure a long-term commitment to social protection that is not threatened by any future changes in government or electoral processes.

**Main conclusions of the mapping exercise**

*Clearer differentiation is needed between emergency responses and longer-term developmental social protection that seeks to enable / smooth consumption, and both protect and promote assets; and more efforts are required to understand risks and enable risk management and disaster reduction at different levels;*

*Clearly defined boundaries are required to identify for what constitutes ‘social protection’ beyond the fuzzy definitions that are currently used in different programs, and that frequently make social protection indistinguishable from ‘poverty reduction’ or ‘development’ programs;*

*There is a need for the government, through the policy design process, to determine how broad the scope of social protection should be, and how far up the poverty profile they want different kinds of instruments to reach. A decision should be taken on whether households that are labor scarce generally are poorer or not, and whether cash transfer can work across groups (labor scarce or not);*

*Social protection programming should be evidence-based and draw on solid data such as the 2005 IHS2;*

*Poverty and vulnerability have clear gender and generational dimensions, hence social protection policies need to be built on gender and age-disaggregated evidence, and be sensitive to gender inequalities;*

*All key actors (governments, donors and NGOs) need to align themselves around a common language and understanding of social protection so that we can better understand who is playing what role and to what end in the existing system.*

**Analysis of institutional arrangements**

*The changing institutional structure of the social protection unit and various committees has placed social protection firmly at the centre of the government’s development agenda;*

*Social protection policy is cross-cutting and multi-sectoral and requires inputs from different line ministries but the secretariat for social protection should sit in a non-line ministry / department. Social protection should not be a stand alone policy;*

*Capacity issues for social protection need to be addressed both within the Social Protection Unit, and at district level to enable effective service delivery;*

*Mechanisms for delivering social protection at district level need to be more clearly articulated;*

*Systems of targeting of various instruments need to be continuously refined (now mainly through two or three steps community targeting);*
Effective monitoring and evaluation systems (in partnership with MoEPD) are critical if cost-effective social protection is to be delivered by government;

The politics of social protection need to be managed, and not ignored;

A key challenge is to determine the more precise mix of instruments (adjusted to the poverty and vulnerability profile), what funding levels would be affordable and appropriate, what trade offs are involved between investment in social protection versus investments in other related sectors, and what implications the new program would have for different development partners;

These findings resonate strongly with (and have, in part, guided) the principles and goals of social protection presented in the Malawi Social Protection Framework.

Social protection program options and affordability

Funding for social protection is considerable; the annual expenditure of about USD 134 million amounting to about 6.5 percent of GDP, 15 percent of annual budget, and about 34 percent of total development assistance. This is significantly higher than previous estimates, and provides compelling reasons for improving the system. Options for a new national social protection program for Malawi should involve a new mix of instruments, and introduce as the main new element a social transfer program for a majority of the ultra poor through a combination of e.g. cash transfers/social transfers and livelihood enhancing instruments. An overall goal would be to reduce ultra poverty and prevent moderately poor households from falling into ultra poverty. Such a program would also provide substantial additional support for poor, transient and vulnerable poor with priority to the 30-40 percent poorest, to promote livelihoods through productivity enhancing transfers that improve risk management, and limit people falling into ultra poverty. A social transfer program to reach the 10 percent poorest would cost in the order of USD 40 million annually, or about 2 percent of GDP, 4.5 percent of the annual budget, and 10 percent of total development assistance.

There appear to be two options for a National Social Protection Pilot / Program that emerge from the stocktake related to a single instrument or a multi-instrument approach: One is a social cash transfer pilot - based on experience in Mchinji with a single instrument approach. A second complementary option would be a multi-instrument approach; which is a more difficult and complex one, but potentially more valuable for learning and building a long-term and broader program adapted to the needs of different groups.
1. **INTRODUCTION: SOCIAL PROTECTION ON THE AGENDA IN MALAWI**

**Rationale**

Social Protection (SP) is on the agenda of Government, donors and NGOs in Malawi for a number of reasons:

i) *There is increasing recognition that Malawi is trapped in a vicious cycle of emergency appeals, reflecting a deep seated and complex crisis.* The long-term problem of chronic and predictable hunger is treated as if it is an unpredictable emergency. To break out of this cycle requires predictable resources, recognition of risks and potential shocks, and more conscious efforts in risk management;

ii) *Recent years have seen significant innovation in managing risk and vulnerability,* both within Malawi, in Africa and internationally, and there is much that can be learnt from new instruments – for example weather-based risk insurance, long-term productive safety nets and cash transfer programs in other parts of the world – but there is a need to think carefully about how to apply innovative instruments in the Malawian context;

iii) *It is also clear that perceptions of social protection are changing.* Box 1.1 shows how safety nets and social protection have emerged in Malawi. More recently, changing institutional structures for social protection and the incorporation of a pillar on social protection within the Malawi Growth and Development Strategy (MGDS) demonstrate that the Government of Malawi is serious about the potential for social protection to transform the lives of poor people in Malawi. To this end it has established the National Social Protection Steering and Technical Committees and the Social Protection Unit (the former Safety Net Unit);

iv) *Donors are committing considerable funding to social protection, but until there is a firm government commitment to social protection, they are reluctant to invest funds in social protection for periods of more than one or two years.* NGOs are starting to review their own roles in social protection. Whilst there is significant funding for NGOs engaging as implementing partners in emergency humanitarian relief, and NGOs have become skilled at delivering this in a timely and cost-efficient way, funding for long-term social protection is scarce and NGOs have less demonstrated capacity in this area. There are also emerging questions about the roles that NGOs might play in long-term social protection – either as implementing partners where government capacity is low, or as representatives of poor people via civil society movements that lobby and play advocacy roles to influence government policies and programs.

*There is further evidence that key stakeholders have social protection on the agenda.* Examples of these efforts are as follows:

i) Government and stakeholders’ analysis of safety nets whereby safety nets interventions were matched against the needs of actual and potential target groups;
ii) Government and stakeholders' mapping of institutional structures for the coordination and implementation of an SP program;

iii) Government and stakeholders' development of a draft SP policy;

iv) Development partners funding of independent analysis of safety nets operating in the country in order to learn lessons for the development of an SP program;

v) Piloting of some innovative safety nets or social protection approaches, for example, combining cash and food transfers to the food insecure, delivery of benefits using vouchers, use of an integrated approach in addressing the various needs of target groups and cash transfers; and

vi) Increased training and capacity building of government staff.

**Box 1.1: The emergence of social protection in Malawi**

In Malawi, social protection had its formal origins in the Poverty Alleviation Program (PAP). PAP included the provision of safety nets, in order to address the social dimensions of structural adjustment programs, as one of the strategies. The second stage came with the National Safety Nets Strategy (2000) and, subsequently the National Safety Nets Programme (2002) linked to the Malawi Poverty Reduction Strategy (2002) in which social protection was one of the four pillars. The third stage emerged in 2006, with the provision of social protection as one of the five themes in the Malawi Growth and Development Strategy (MGDS).

These three ‘stages’ also saw progressive changes in the institutional structures that show increased seriousness on the part of Government. From a peripheral PAP Coordinating Unit housed in National Economic Council (NEC) and operating under a presidential council on poverty alleviation, safety nets coordination moved to a Safety Nets Unit housed in the mainstream Ministry of Economic Planning and Development (originally NEC) and later Department of Poverty and Disaster management Affairs (DPDMA) in the Office of the President and Cabinet (OPC) and operating under a more formal steering committee on safety nets. Currently social protection is coordinated by an SP Unit operating under a formal but an elevated National Social Protection Steering Committee whose chair is Principal Secretary of the OPC and the head of the civil service. The space for the involvement of the civil society has gradually improved, and their role expanded in this period.¹

The stocktake is one amongst several key activities underway to formalize a new Social Protection policy and a national program in Malawi.

¹ Most recently, civil society has started to review its role as both implementers and advocates. In particular, it is strategizing on how to use the space created by Government in the SP institutional set up (or lobby for more space).
Aim of this report

This stocktake, alongside the development of a Malawi Social Protection Framework, is one of the first steps in a process through which an SP policy statement and later national program will be developed.\(^2\) The stocktake and framework development are informed by the activities around the social protection agenda, including lessons from stakeholder efforts in the recent past. The stocktake aims to derive lessons for future social protection delivery by

i) Developing a clear understanding of the current system and what it is able, and unable, to deliver;

ii) Mapping the current range of social protection approaches and activities by different stakeholders; and

iii) Understanding the current institutional and financial arrangements for delivering social protection projects and programs.

The report provides general policy guidance and broad institutional options, not detailed assessments of individual instruments and programs, or detailed proposals for new institutional and financial arrangements. The main audience for the report is government officials and development partners involved in social protection policy design or program development.

The research undertaken for the production of this report had the following tasks:

i) Provide a synthesis diagnosis of the profile of poverty, vulnerability and risk;

ii) Develop an inventory of existing (recent) safety net interventions and assess the extent to which the profile of poverty and vulnerability is integrated with safety net coverage;

iii) Assess the strengths and weaknesses of the current institutional arrangements that govern social protection (policy, planning, management and coordination);

iv) Assess the cost and financial implications of the current system; and

v) Identify areas for improvements and new options with reference to relevant international experience on social protection.

The report is closely linked to the development of a framework for social protection that provides core principles for a subsequent social protection policy and program (see below).

Methodology

The stocktake draws mainly on secondary data complemented by information drawn from interviews with key stakeholders.\(^3\) These are supplemented by three Government databases: safety nets projects database under the Safety Nets Unit in the DPDMA, donor-funded...
projects database under the Department of Debt and Aid in the Ministry of Finance (MoF) and food security-related projects database under the National Joint Food Security Task Force in the Ministry of Agriculture and Food Security (MoAFS).

The list of projects in the stocktake reflects the broad and inclusive SP definition used by the SPU, i.e.:

**Social protection comprises the policies and actions that protect and promote the livelihoods and welfare of poor and vulnerable people.**

The adoption of the broad definition enables the matching of different target groups (i.e. those in poverty and at risk of poverty) with the poverty and vulnerability profile.

The stocktake is interested in a number of characteristics of each project. These include its name, objectives, type, target group, type of transfer and size, number of beneficiaries, start and end dates, geographical coverage, costs (total and delivery), implementer and funding agencies. The stocktake team first occupied itself with collecting data for these characteristics. Some of the characteristics for existing projects were in the two syntheses. However, some gaps that still existed were filled using the two other databases as well as project documents and interviews with implementers and other stakeholders. The MoF database was mainly used to fill cost gaps while the MoAFS database is used to fill cost as well as other gaps. Some interventions that were not in any of the databases were added to the existing list using projects files and interviews with implementers and other stakeholders.

An inventory of ‘existing safety net interventions’ was defined as interventions that were operational at some time in the period 2003-2006. The list of interventions that was collected, including those with gaps, is provided in a separate overview (available with the World Bank). In some cases the project titles used in the stocktake may not be exact because they were not taken from official project documents. The number of projects used in the analysis of each characteristic is dependent on the number of projects with the given characteristics.

The costs of interventions were mainly recorded in three currencies - United States Dollars, Euros and Malawi Kwacha. All costs were converted into United States Dollar using an internet-based foreign currency converter (www.oanda.org) based on the start and end date of the project. Projects without start month were assumed to have started in July of the stated start year and ended in June in the stated end year, in line with the Malawi Government fiscal year. Likewise, projects indicated to have started and ending in the same year but without start and end months were considered to have run from July to December of the year. These assumptions may make the calculations less accurate but without them it would not be possible to estimate costs/expenditures.

**Limitations of the stocktake**

The stocktake benefited from a lot of goodwill with many stakeholders providing significant quantities of data and information. Despite this there are a number of limitations that need to be highlighted to put the findings in their right perspective. These are given below:

---

4 The stocktake builds upon and updates the inventories compiled by Kambewa and Devereux and Macauslan (2006).

5 Some small-scale NGO projects were dropped during analysis, in part because there was not enough information available about them. Similarly, the stocktake team is aware that there are additional interventions implemented by NGOs over the period 2003-2007.
i) The quality of the match between the profile and safety nets target groups is affected by non-standard definitions of target groups. Further, the safety nets under discussions operationally used the 1998 poverty profile as a basis, and not the 2005 poverty and vulnerability profile. Mismatches are likely and may be due to structural changes since 1998. However, given that each intervention assessed its target group before implementation (and not on the basis of the 1998 IHS), we expect the 2005 profile to be more relevant for the 2003-2006 period;

ii) It is not possible to produce an exhaustive list of interventions being undertaken. The main database by SPU has not been updated since early 2005. Further, the stocktake team was unable to visit all stakeholders and efforts to get information by e-mail were also unsuccessful because not all implementers responded. Some small-scale and some new interventions have been omitted, but the effect of these omissions is likely to be minimal;

iii) Robust analysis is hampered by the reporting formats of some projects. For example, some interventions are multi-annual and with more than one safety net activity yet without disaggregated information by year and activity. This limits the analysis by year and activity. Other interventions are multi-donor and implemented by a consortium yet the reporting is not disaggregated by donor or implementer. Again, this limits analysis by donor and implementer. Moreover, the social protection function of ADMARC has not been included in the analysis – since it was not part of the original safety net strategy. This relates to its important role in providing subsidized food/grain, as well as its social functions in relation to input/output marketing;

iv) Where gaps existed, they were filled using alternative sources. However, the different sources are not always consistent with one another;

v) There is some information about geographical coverage at regional and district level but this is also patchy. This is due to the absence of project documents for most of the interventions. Analysis on intra-district coverage was not possible because there is no accessible data on project coverage by traditional authority (TA) areas;

vi) It has been difficult to track exact implementation periods for programs (with subsequent implications for the analysis of costs). In particular, it has been difficult to get start and end months for a good number of interventions. In such cases, we were forced to make assumptions as already indicated in the methodology. This means that for some projects the months of implementation are overestimated and for others underestimated. We assume they balance out;

vii) In some cases, data on actual project costs are not available. In such cases we have used budgeted costs. In many cases, the costs exclude the cost of delivery which is a major problem when comparing costs among different kinds of instruments and projects. 

---

6 In others, there is more than one cost figure for one project. In such cases, we take the highest. In some cases, the cost of an intervention is in local as well as foreign currency. In such cases, the local currency figure is used on the assumption that budgeting is in US Dollars but spending is mostly in the local currency.
viii) The report provides general comments on the efficiency and effectiveness of individual social protection programs, however, reference is made to the MPVA for a more detailed assessment of instruments (ref. chapter on social protection and disaster management).

Report approach and outline

The remainder of this report seeks to address the issues outlined and each of the tasks outlined above. There are two critical questions for the study:

i) *Do the range, goals and coverage of existing social protection interventions (inventory) match up with the existing profile of poverty, risk and vulnerability?*

ii) *Do the current institutional and financing arrangements match up with the need for institutionalized social protection in Malawi?*

In order to answer these questions, we begin by describing the poverty, vulnerability and risk profile in Malawi and by developing a profile in Section 2 against which the coverage of existing interventions discussed in Section 3 can be matched. Section 4 matches the profile of poverty and vulnerability with the array of interventions implemented as safety nets interventions. In Section 5, the current institutional arrangements for delivering social protection in Malawi are assessed. Section 6 presents broad program options in terms of funding and directions for social protection, including lessons for the design and implementation of social protection programs and pilots. Section 7 raises a set of issues and challenges and provides conclusions and recommendations.
2. PROFILE OF POVERTY, RISK AND VULNERABILITY

Poverty and vulnerability in Malawi

This section lays the foundation for understanding how far existing safety nets in Malawi match up with poverty and vulnerability in Malawi. Understanding how appropriate the current system is, particularly how far it matches the needs of poor and vulnerable people, will help inform the development of a social protection framework, policy and program. The section synthesizes the Malawi Poverty and Vulnerability Assessment (MPVA see GoM / World Bank 2006) and a number of other sources. It deals with three main questions: who are the poor and the vulnerable, where are they and what are their basic pressing needs?

Poverty in Malawi is widespread and pervasive. Over half (52 percent) of the population – about 6.4 million people – lives below the national poverty line, and one in five (22 percent) are defined as ultra poor, with income below expenditure of minimum acceptable food requirements.7 The overall number of poor has remained fairly stable over the last decade. Poverty has both gender and generational dimensions. According to the MPVA, the prevalence of ultra-poverty is higher for female-headed households, households headed by very young or old persons, located in the rural areas of the South and Central regions, larger households, and especially households with more young children and dependents, households with low levels of education, limited economic opportunities, limited involvement in cash crops, and small landholdings. The gender dimensions of poverty are reflected in the fact that:

i) Poverty rates are higher in female-headed households (58 percent as opposed to 51 percent for male-headed households) but in terms of numbers there are more poor people in male-headed than female-headed households;

ii) Poor female headed households have higher dependency ratio than poor male-headed households;

iii) Widows are poorer than widowers.

Vulnerability seems to be increasing in rural Malawi, understood as susceptibility to shocks, largely due to repeated shocks and depletion of assets. The frequent and widespread existence of shocks manifests itself into large movements into and out of poverty in Malawi. Ninety five percent of the households in the national household survey (IHS2) reported exposure to at least one shock in the past 5 years. The most prevalent shocks relate to low crop yields (due to drought or floods) and increase in food prices (while fall in sale prices for crops is also commonly mentioned; directing the focus to issues of price volatility).

The poverty line of MK16,165 / year is equivalent to MK44.3 or USD0.50 per person per day, significantly below the 'standard' USD1 per day per person.8 Poverty in Malawi is also deep. The average poor household subsists on an income of around MK36.4 - 17.8 percent below the MK44.3 daily poverty line while the ultra poor subsist on MK26.40, on average.

---

7 Malawi’s population was estimated at 12.3 million in 2005.
8 This includes imputed own produced goods and services and non-food purchases.
Consumption inequality is more pronounced in urban areas – the urban Gini of 0.48 is much higher than the Malawi average of 0.39 and the rural average of 0.34.

According to the MPVA, poverty in Malawi is manifested through high mortality rates, low life expectancy, malnutrition and low education levels. Even so, Malawi’s child mortality and maternal mortality rates are better than average for SSA. Malnutrition is widespread among both poor and non-poor households and average caloric intake and dietary diversity are low for both poor and non-poor households. Chronic illnesses and HIV/AIDS have had a dramatic effect in reducing life expectancy of Malawians. See Table 2.1.

On a district by district basis, poverty tends to increase southwards in Malawi but there are significant pockets of high poverty levels even in the north and pockets of deep poverty in districts with low overall poverty levels. Rural poverty is more pervasive than urban poverty but urban poverty is growing faster.

<table>
<thead>
<tr>
<th>Table 2.1: Human development indicators</th>
<th>Malawi</th>
<th>SSA</th>
<th>LDCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-five mortality rate (per 1,000 live births)</td>
<td>133</td>
<td>179</td>
<td>156</td>
</tr>
<tr>
<td>Infant mortality rate (per 1,000 live births)</td>
<td>76</td>
<td>104</td>
<td>97</td>
</tr>
<tr>
<td>Maternal mortality rate (per 100,000 live births)</td>
<td>984</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>37.5</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td>Underweight children (percent of under 5s)</td>
<td>22</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Stunted children (percent of under 5s)</td>
<td>48</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Adult literacy rate (percent of 15 + years)</td>
<td>64.1</td>
<td>60.5</td>
<td>56.3</td>
</tr>
</tbody>
</table>

Source: GoM/WB 2006

The causes of this poverty are myriad but two stand out:

i) **Limited livelihood sources and access to assets and services**: most poor households earn their livelihood mainly from a single activity: household farming or fishing activity. Large seasonal fluctuations in agricultural production lead to severe fluctuations in consumption. Similarly, seasonality in time use leads to substantial underemployment for the most of the year due to a dearth of opportunities forced in part by limited access to transport infrastructure. Substantial portions of the population remain away from services and markets; isolated from the rest of the country both physically and in terms of opportunities for diversified or more productive economic activity.

ii) **Pervasive risks and high vulnerability to shocks**. The frequent and widespread existence of shocks manifests itself into larger movements into and out of poverty. The very poorest households are risk averse and poor and richer households experience more shocks. But the poorest households may be very susceptible to particularly shocks especially crop failure. Most households have limited ex ante strategies to mitigate risks due to lack of access to financial services and poorly functioning food markets which place a premium on staples production. Households

---

9 The seasonality of household labor requirements has ramifications for social protection options – especially those that require labor.

10 In this regard, risks can be temporary or permanent. They can also be idiosyncratic, affecting specific households (such as illness or death of able bodied labor), or covariate, impacting communities and countries (like drought, price volatility, economic shocks) (ref. GoM/WB 2006).
are therefore forced to resort to ex post coping mechanisms which often entail permanent damage to the household’s ability to engage in productive activities (Source: GoM / World Bank 2006).

Related to these two major causes of poverty are dependency on rain-fed agriculture, limited access to land, input and producer markets and slow economic growth. It is important to recognize that poverty and vulnerability are not the same.

_Vulnerability_ implies the susceptibility of individuals, households or communities to the negative impact of shocks and stresses. This implies that households above the poverty line can be vulnerable to impoverishment if they face shocks and stresses that they cannot protect themselves against. It also implies that households below the poverty line can be vulnerable to destitution and death if they face shocks and stresses that they are not able to protect themselves against. The MPVA in this regard suggests that the social protection policy implication of this two-sided poverty picture is that social protection policies are necessary to alleviate extreme poverty and assist the chronically poor to build their assets. Given the role of risk in preventing households from engaging in productive activities, social protection policies should be redesigned to enhance the productivity and strengthen risk management for the transient poor, protecting them against risks and economic shocks.

The MPVA then highlights the key implications for social protection programming:

i) _A social protection program alone cannot be left to deal with the needs of the poor (6.4 million in 2005) or even the ultra poor (2.7 million)._ Social protection is but one of the five themes required for growth and poverty reduction in Malawi;

ii) _The design of the SP programs should have clear operational links with the four other pillars of the Malawi Growth and Development Strategy (MGDS)._ An integrated approach is required to deal with pervasive poverty;

iii) Equalization of consumption (or income) cannot be a major objective of a social protection program but raising the consumption level of the poor especially the ultra poor would be a progressive objective;

iv) _Social protection programming should recognize that Malawi households face the twin problems of limited sources of livelihoods and frequent livelihood shocks._ This implies that apart from the large pool of the chronic poor there is a large pool of transient poor. These groups may require different types of assistance;

v) _Nutrition programs on their own are likely to have limited impact on malnutrition since malnutrition is not only poverty-related._ Pervasive malnutrition across all social groups suggest a strong focus on addressing malnutrition across these groups;

vi) A shift in focus from reducing ex-post poverty to ex-ante vulnerability is potentially cost-saving to poor people and the government.

This view is in line with the scope and spirit of the MGDS. Moreover, the Malawi Social Protection Framework captures this within four key policy areas related to _provision, prevention, promotion and transformative interventions._ These four policy areas or outcomes are not clearly distinguishable categories, however. Each kind of safety net or
social transfer type will have multiple potential outcomes, and will address these dimensions to different degree. For example, when poverty and vulnerability for some groups are rooted in social exclusion and marginalization and disempowerment, more so than to shocks such as drought or illness, the aim of social protection would be to transform the living conditions of those affected by addressing underlying causes (e.g. through social policies, upholding of constitutional rights), while also provide or promote social transfer or productivity enhancing assistance.

Where are the poor and vulnerable?

*Although poverty affects people everywhere in the country, it is predominantly rural (94.5 percent) and concentrated in rural Southern Region (49.7 percent) see Table 2.2. Southern Region has a greater share of the poor – poverty and ultra-poverty incidences are higher there than anywhere else in the country. While the overall poverty incidence has not changed much between 1998 and 2005, there have been clear regional changes. Poverty incidence declined in the Southern Region from 68 percent to 64 percent but increased in urban areas from 18 percent to 25 percent.*

<table>
<thead>
<tr>
<th>Region</th>
<th>Population share (percent)</th>
<th>Share of the poor (percent)</th>
<th>Poverty Incidence (percent)</th>
<th>Ultra poverty Incidence (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi</td>
<td>100</td>
<td>101</td>
<td>52</td>
<td>22</td>
</tr>
<tr>
<td>Urban</td>
<td>11</td>
<td>6</td>
<td>25</td>
<td>8</td>
</tr>
<tr>
<td>Rural</td>
<td>89</td>
<td>95</td>
<td>56</td>
<td>24</td>
</tr>
<tr>
<td>Northern Region</td>
<td>10</td>
<td>11</td>
<td>56</td>
<td>26</td>
</tr>
<tr>
<td>Central Region</td>
<td>38</td>
<td>34</td>
<td>47</td>
<td>16</td>
</tr>
<tr>
<td>Southern Region</td>
<td>40</td>
<td>50</td>
<td>64</td>
<td>32</td>
</tr>
</tbody>
</table>

*Poverty incidences at district level are diverse (and statistically uncertain) but still reflect the regional picture.*

The three districts with the highest rate of poor are all in Southern Region (Nsanje - 76 percent, Machinga - 74 percent, and Zomba - 70 percent). The rural districts with the least relative number of poor people in Malawi are all in Central Region (Dowa - 37 percent, Lilongwe - 38 percent and Kasungu - 45 percent). The urban area with the highest rate of poor people is Mzuzu (where 34 percent of its population is estimated to be poor) and Blantyre has the lowest rate (where 24 percent are considered poor). Table 2.3 presents the districts from the poorest to the richest. Districts in Southern Region are concentrated in the poorest category and Central Region districts in the richest category. However, this pattern is different when the focus is specifically on vulnerability rather than poverty (for more in depth explanation of how vulnerability is defined and measured, ref. MPVA). Some districts with low levels of poverty are highly vulnerable and vice versa. Much of this is related to the level of diversification of livelihoods systems: Non-poor but specialized districts (fewer sources of livelihoods at household level) can be more vulnerable than poor but diversified districts because of the seasonality of production and income. Table 2.4 shows the intra-annual dimension of vulnerability. Districts with low vulnerability in the first quarter, such as Ntcheu, may turn very vulnerable by the fourth quarter. Dependency on a single source of

---

11 It should be noted that IHS2 poverty estimates at the district level have fairly low statistical accuracy (see next footnote). Hence, given the low accuracy, these district level estimates should not be used as a basis for policy design.
livelihood – especially agriculture where incomes are highly seasonal - is the main cause of this.

<table>
<thead>
<tr>
<th>Table 2.3: District poverty rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Nsanje</td>
</tr>
<tr>
<td>Machinga</td>
</tr>
<tr>
<td>Zomba</td>
</tr>
<tr>
<td>Mulanje</td>
</tr>
<tr>
<td>Chitipa</td>
</tr>
<tr>
<td>Balaka</td>
</tr>
<tr>
<td>Chikwawa</td>
</tr>
<tr>
<td>Thyolo</td>
</tr>
<tr>
<td>Chiradzulu</td>
</tr>
<tr>
<td>Nkhata Bay</td>
</tr>
</tbody>
</table>

Source: [www.nso.malawi.net](http://www.nso.malawi.net) (based on HIS 2 data)

Differences in vulnerability also operate at a sub-district scale. Table 2.5 shows that some districts have diverse zones, and therefore different food security risks, while others are more homogenous.13

<table>
<thead>
<tr>
<th>Table 2.4: Intra-annual vulnerability by district</th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Chitipa</td>
</tr>
<tr>
<td>Karonga</td>
</tr>
<tr>
<td>Rumphi</td>
</tr>
<tr>
<td>Mzimba</td>
</tr>
<tr>
<td>Kasungu</td>
</tr>
<tr>
<td>Nkhata Bay</td>
</tr>
<tr>
<td>Nchisi</td>
</tr>
<tr>
<td>Salima</td>
</tr>
<tr>
<td>Dowa</td>
</tr>
<tr>
<td>Lilongwe</td>
</tr>
<tr>
<td>Mchinji</td>
</tr>
<tr>
<td>Dedza</td>
</tr>
<tr>
<td>Ncheu</td>
</tr>
<tr>
<td>Mangochi</td>
</tr>
<tr>
<td>Machinga</td>
</tr>
<tr>
<td>Balaka</td>
</tr>
<tr>
<td>Mwanza</td>
</tr>
<tr>
<td>Neno</td>
</tr>
</tbody>
</table>

12 District level poverty estimates have a high degree of uncertainty surrounding them ("high standard errors"); 95 percent confidence intervals around these estimates are large, such that individual district poverty rates could be up to 20 percent above or below the estimates in the table.

13 Note that diversity of zones within a district does not automatically imply district resilience to shocks and risks. For example, Machinga has seven zones and all of them have high levels of vulnerability while Rumphi, with only one zone, has relatively low vulnerability levels.
<table>
<thead>
<tr>
<th>District</th>
<th>Area 1</th>
<th>Area 2</th>
<th>Area 3</th>
<th>Area 4</th>
<th>Area 5</th>
<th>Area 6</th>
<th>Area 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blantyre</td>
<td>36.2</td>
<td>52.0</td>
<td>52.0</td>
<td>77.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zomba</td>
<td>17.7</td>
<td>33.5</td>
<td>45.8</td>
<td>61.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phalombe</td>
<td>12.2</td>
<td>29.7</td>
<td>50.0</td>
<td>50.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mulanje</td>
<td>32.0</td>
<td>42.0</td>
<td>76.2</td>
<td>76.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thyolo</td>
<td>0.0</td>
<td>38.5</td>
<td>71.2</td>
<td>71.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chiradzulu</td>
<td>31.8</td>
<td>31.8</td>
<td>31.8</td>
<td>79.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chikwawa</td>
<td>79.6</td>
<td>79.6</td>
<td>79.6</td>
<td>79.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nsanje</td>
<td>58.8</td>
<td>81.1</td>
<td>81.1</td>
<td>81.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>10.7</td>
<td>20.9</td>
<td>35.5</td>
<td>39.8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Malawi VAC Food Security Monitoring Report, Nov. 2005

Note: The averages are from ranges provided in the report. *Areas are different livelihood zones

Lessons from the geography of poverty and vulnerability

i) Whilst average poverty rates are lowest in the Centre and highest in the South of Malawi, the geography of poverty is complex. Poverty ‘hotspots’ are spread all over the country. Poverty is widespread in rural areas but concentrated in urban areas. This implies, for example, that geographical targeting is likely to leave out the poor in untargeted non-poor areas and include the non-poor in targeted poor areas;
ii) Whilst vulnerability and poverty rates do not always correlate because of different risk factors, they converge in the Southern Region. For example, all the districts in the Northern Region were among the ten least vulnerable districts while nine out of the ten most vulnerable districts were in Southern Region. On this basis, Southern Region ought to have the greatest concentration of safety net interventions;

iii) Inter-district poverty rates are variable – from 76 percent to 37 percent. This, and the fact that vulnerability and poverty do not overlap, suggests social protection interventions should not be generic in terms of types, coverage, and targeting. One size will not fit all. It is important to distinguish between chronic and transient poverty, and how risk and vulnerability affect different groups;

iv) Districts with the highest levels of poverty require social protection that focuses mainly on supporting household consumption;

v) Districts with less poverty appear to require a focus mainly on ex ante or preventative social protection to avoid the loss of assets after a shock and to promote assets in the long-term. Such interventions have the potential to help move households out of poverty and out of the need for social protection;¹⁴

vi) However, because of the variation in poverty and vulnerability within districts, it would be useful to base shorter-term benefits, such as free food distribution or food-for-work programs on vulnerability assessment and longer-term benefits on poverty rates;

vii) The relative shift of poverty from rural to urban areas could reflect rural-urban migration and/or increased resource allocation in rural areas and Southern Region in response to the 1998 IHS. Under the 1998 survey, urban areas were the least poor and probably received the least attention. But it could also reflect other factors. Social protection programming complemented by the creation of livelihood opportunities in both rural and urban areas would be part of an integrated approach. More attention is required to the increase in urban poverty.¹⁵

Poverty and vulnerability at household level

The poor in Malawi are not a homogenous group and identifying the dimensions of poverty for different households is important for targeted safety nets implementation. Without a clear picture of these dimensions, we may end up with social protection instruments that do not match the capabilities or needs of the households that they are meant to support – for example, agricultural inputs for people with no land, public works for people with no spare labor. Such categorical distinctions between types of households make more sense for social protection programming purposes than a simple cut-off line along a continuous income

¹⁴ This assumes low depth and severity of poverty in low incidence districts which could be wrong. No data analysis of IHS2 is done to test this assumption.

¹⁵ This report remains weak on poverty and vulnerability in urban areas and has maintained a focus, largely in line with the MVAC, on rural areas. More work is required to better understand the implications of urban risk and vulnerability for social protection programming.
distribution. Hence, a distinction should not simply be made between poor and ultra-poor households.\textsuperscript{16}

\textit{Most attempts to identify different groups of poor people draw on the distinction between poor and ultra-poor as measured by income (or consumption expenditure) but then include other characteristics of poverty and vulnerability. In the remainder of this section we will consider previous and current attempts to identify different groups of poor people. We will focus on: i) safety nets programming drawing on the 1998 IHS survey, ii) work by the NSPTC on income and labor, and iii) the findings of the MPVA. Based on these experiences, we then identify three groups of households and their needs.}

\textbf{Safety Nets programming following the 1998 IHS}

The 1998 poverty profile provided some basis for identifying poor households (GoM 2001). However, Milner and Tsoka (2005) report that these core proxy indicators were rarely used in practice because:

i) \textit{Characteristics from the profile did not help operations; practitioners had to refine these in order to have an operational definition of the poorest. For example, the Joint Emergency Food Aid Program (JEFAP), a collaboration between Government of Malawi, donor organizations, the World Food Program and the NGO Consortium came up with an alternative list of proxies;}

ii) When community groups were asked to identify poverty proxy indicators, indicators such as female-headedness or low landholding sizes were rarely mentioned although these were frequently stressed as correlates of poverty by ‘outsiders’.

The overall lesson from previous experience is that the current system for identifying poor people that focuses on categorical targeting rarely used the proxy indicators from the 1998 poverty profile without refining and ground-truthing them with targeted communities because they were too broad.

The difficulties in identifying the poorest of the poor brought in the idea of a three-prong approach; use of a short-list of proxy indicators, use of community-developed poverty manifests and verification of identified beneficiaries using independent assessors or the entire community. Thus, there are currently no standard target groups even for similar programs because of the need to refine the proxy indicators and make them community relevant.

\textbf{Work by the NSPTC in 2006}

In an effort to characterize the poor/ultra-poor, the NSPTC disaggregated the households into groups and used income and availability of labor and land in the household to create a two-dimensional profile of poverty.\textsuperscript{17} A categorization into four groups was identified: poor with

\textsuperscript{16} Poverty lines for poor and ultra-poor households are defined as annual per capita consumption expenditure level below MK16,165 and MK10,026 respectively. The ultra-poor are defined as those with per capita expenditure levels that are below the food poverty line whilst estimates for the poor include a non-food component. For more detail on poverty lines, see above.

\textsuperscript{17} These proxy indicators are not strongly backed by the IHS2 or its derivative the MPVA (see below) and the extent to which labor availability is a useful proxy was debated, and modified through later analysis (see discussions on labor scarcity and dependency ratio below).
labor (group A), poor without labor (Group B), ultra-poor with labor (Group C) and ultra-poor without labor (Group D). The potential needs of these groups were then identified as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Inputs, employment, markets &amp; extension services</td>
</tr>
<tr>
<td>B</td>
<td>Land and then inputs, markets &amp; extension services</td>
</tr>
<tr>
<td>C</td>
<td>Employment, cash for consumption and assets &amp; productive assets</td>
</tr>
<tr>
<td>D</td>
<td>Social assistance, free food &amp; education for their children</td>
</tr>
</tbody>
</table>

Both analytical work on the IHS2 and the operationalization of the IHS2 findings show the problem of utilizing a set of proxies indicators for targeting that are not grounded. The work of the NSPTC shows the difficulty of focusing only on a small number of proxy indicators (income and labor) whose influence over poverty is not necessarily greater than a whole range of other factors, as further analysis of the IHS2 data for this report suggested.

If labor and income were to be accepted as necessary and sufficient proxies for defining target households for the SP policy, the NSPTC suggested the following match of needs of poverty groups and different types of social protection interventions (See Annex 4 of the minutes of the NSPTC held on 24th and 25th October, 2006):

(i) Social cash transfers meet all the needs of all poverty groups, except the provision of extension services;

(ii) Credit schemes match all the needs of all the poverty groups, except the need for community support;

(iii) Social support projects respond to all the needs of all poverty groups, except market access;

(iv) Targeting inputs projects are important for all groups for various needs;

(v) Targeted food distributions meet the needs of all groups, except the richest poor group;

(vi) School feeding projects meet the needs of all groups, except the richest poor group;

(vii) Targeted nutrition programs meet the needs of all groups;

(viii) Inputs subsidy projects are suitable for the richest and poorest poverty group.

Note that the short and qualitative assessment by NSPTC did not dwell much on the quality and extent of the matches between needs and interventions although it provided an overview of the main problems associated with each type of intervention, in terms of effectiveness in meeting the needs of the poor (based on the selected proxies).

The debate about the relationship between poverty, labor and household dependency ratio as basis for defining key target groups has lead to some uncertainties for planning and policymaking by government and donors, and is further dealt with in subsequent sections.
Evidence from the MPVA (2006)

According to the MPVA, which draws on the IHS2, poor households differ from non-poor households along many different indicators (hence making the selection of a few proxies for defining target groups difficult):

In terms of the gender dimension of poverty:

i) Poverty rates are higher in female-headed households (58 percent as opposed to 51 percent for male-headed households), due in part to higher dependency ratios, but in terms of total numbers there are more poor people in male-headed than female-headed households;

ii) Female-headed households are more likely to be poor compared to male headed households because women;
   - are less likely to get access extension services;
   - are less likely to engage in cash crops like tobacco and hybrid maize;
   - spend less time in income generating activities;
   - are paid less than men for the same task / period when employed;
   - are less likely to be employed than men;
   - are less likely to get poverty-reducing credit – they mostly get smaller amounts.

In terms of demography

i) Poor households are generally larger than non-poor households. In particular, households in the poorest decile are more than twice as large as households in the richest decile;

ii) Poor households have a larger dependency ratio compared to non-poor households with the poorest decile having a dependency ratio four times that of the richest decile households. In particular, poor households have more children than non-poor households;

iii) Per capita consumption is lower in households headed by the aged than in households headed by younger members of households.

In terms of education

i) Poor households tend to be headed by persons with little or no education;

ii) Poor households host less literate members than non-poor households. The literacy rate for the poorest decile is 50 percent while that of the richest is 87 percent;
iii) Children from poor households are less likely to enroll, attend and complete school than those in non-poor households; almost 30 percent of poor children do not even start primary school and fewer complete.

In terms of health and nutrition

i) Poor households are not necessarily disadvantaged in terms of morbidity and malnutrition; it is the non-poor households that report higher morbidity and incidence of chronic illness than poor households and there is no significant difference between poor and non-poor households in terms of malnutrition.

In terms of access to markets

i) Households located further away from thriving trading centers or the Boma (district headquarters) are more likely to be poor.

In terms of livelihood sources

i) Poor households rely heavily rely on household farming and fishing for their livelihoods but the majority of them rely on ganyu for their cash income (68 percent) as compared to salary/wage income (21 percent) or self-employment in household enterprises; they own the minority of household enterprises (27 percent);

ii) Poorest rural households, despite their heavy involvement in ganyu, derive only 9 percent of their total household consumption from ganyu income because most of their consumption is derived from own production.

In terms of ownership of assets

i) Poor households own limited durable assets and livestock, including chickens;

ii) There is not much variation in average landholdings between rich and poor households. However, since poor households tend to be larger (as they have more children), poor households generally own very little land in per capita terms. For example, non-poor households own almost twice as much land per capita than poor households (0.42 hectare compared to 0.23 hectare) and households in the poorest decile own an average of 0.17 hectare per capita compared to 0.59 hectare per capita for the richest decile households. However, there is no significant difference between female and male headed households.

In terms of vulnerability

i) Poorer households are susceptible to fewer shocks than richer households, because of their avoidance of high-risk, high-return activities, but are very susceptible to particularly shocks especially crop failure;

ii) Poor households are less likely to be exposed to non-agricultural business shocks.

Interestingly, orphan status is not consistently correlated with a higher probability of being ultra-poor, possibly due to the purposive placement of orphaned children in better-off
households in the extended family network. Not surprisingly, households in communities with better infrastructure also have lower probabilities of being ultra-poor (although living in a community with ADMARC is associated with higher rates of ultra poverty), and households in remote areas, or in communities not accessed by a tarmac road, are more likely to be ‘ultra-poor’ (GoM/WB 2006: xxiv).

The MPVA also shows that ‘the frequent and widespread existence of shocks in Malawi manifests itself in large movements into and out of poverty: even though the income poverty level has stayed constant since 1998, about two-thirds of households have moved into or out of poverty during the past decade. Such large movements also reflect the fact that a quarter of Malawians have income levels within 20 percent points of the poverty line, who could be forced into poverty by even slight misfortune’ (GoM/WB 2006: xxiv). This suggests that there is another group of households, just above the poverty line, for whom social protection is also critical to prevent them from sliding into poverty. These may be termed the transient poor – which for various reasons are very vulnerable to shocks and stresses, and may slide towards (or move out of) poverty.

Poverty and vulnerability profile

Before presenting our poverty and vulnerability profile, two important caveats / explanations are required. First, matching the group characteristics and needs against a poverty incidence line is difficult because of the complex interplay of different factors. Box 2.6 gives an example of why. Second, a distinction between households with more or less labor scarcity may be important to make when identifying the best instruments to support households, but the relationship between poverty, labor scarcity and dependency ratio in the households is complex because:

i) Labor is not the only, nor the most critical, factor in defining ultra-poverty (MPVA 2006, Devereux et al 2006);

ii) Data from the IHS 2005 analyzed by the World Bank suggests that labor availability in ultra-poor households is not worse than that in non-ultra-poor households;  

iii) Focusing social protection efforts on ultra-poor households without labor would, according to the IHS 2005 data mean reaching about 5.5 percent of Malawi’s households but there is no certainly that these would be the very poorest households.

A category of ‘destitute’ households may still be retained defined as a sub-group of the ultra-poor with few assets, including little or no labor and land.

---

18 On average, 5.5 percent of households are labor scarce and ultra-poor whilst 7 percent of households are labor scarce and poor and 12 percent are labor scarce and non-poor. Labor scarcity is defined here as a household with EITHER no household member in the age group 19-64 who is fit for productive work OR (in the case of the households that has one or more fit adults aged 19-64) has a dependency ratio of more than 3. These figures are for households and not for total population. The share of population that is labor scarce and ultra-poor may be larger than that of households because ultra-poor households are larger than poor and non-poor households. These figures draw on additional analysis of the IHS2 data for this report.

19 We recognize that in some districts the figure may be much higher but as yet there has been no rigorous qualitative analysis of this.
Box 2.6: Matching orphan status against an income profile

According to the MPVA, the IHS 2005 shows that orphan status is not categorically associated with ultra poverty. The MPVA reports that an orphan is equally likely to be in a poor household (57 percent of all orphans) as a non-orphaned child (58 percent of all non-orphans), possibly because orphans are deliberately placed in wealthier extended family households.

Yet, Devereux et al (2006) also draw on the IHS and find that: poorer households care for more orphans than richer households (but poor households also have more children than non-poor households); female-headed households have, on average, more orphans across the income range; female-headed households in urban areas, on average, host more orphans than anywhere in the country (but they also host more non-orphaned children too). Poorer female-headed households care for many orphans including double orphans.

Whilst these findings may appear inconsistent, the ‘differences’ mainly arise from the fact that the MPVA compares orphaned children with non-orphaned children, while Devereux et al (2006) compared households with and without orphans. In general all children (orphaned or not) are more likely to be in poor households and in female headed households. Thus, making statements about the characteristics of households along the poverty line is exceedingly complex.

The profile presented matches up objective, material indicators of poverty with wider social indicators of poverty, and risk and vulnerability. On the basis of what has been discussed so far, we provide an operational grouping of the poor, their vulnerability and needs. Three different poverty groups are proposed:

i) Ultra-poor (and destitute);
ii) Poor or moderately poor; and
iii) Transient poor (at risk).

The characteristics of each, the needs and the appropriate social protection instruments to support them are shown in Figure 1. See also Appendix 1 for more detailed characteristics of each of these groups. Within the ultra-poor group are a sub-group of households that are categorized as destitute. These are ultra-poor households that have the least assets and / or high dependency ratios, for example due to chronic illness, and among these female / elderly /child headed households are more prevalent. For these households, the likelihood of graduation from social protection support out of poverty is least likely. The numbers of destitute households is not clear but they are a category that, given the commitment to expanding the Mchinji social cash transfer pilot, are high on the agenda for social protection.

Given the potential interventions for the various needs of the poor and vulnerable, the next section analyses the interventions that have been implemented in the recent past to determine whether they meet the needs or not.
Figure 1: Poverty, Risk and Vulnerability Profile for Malawi

Ultra-poverty rate: 22 percent

Poorer

Ultra-poor:
- Few assets. Little or no land.
- Income < food needs
- Chronic illness, female headed, elderly headed, high dependency ratios
- Vulnerability – low because of low-risk, low-return livelihood strategy
- Pathway out of poverty: Long-term investment in human capital, utilizing existing labor and other assets
- Objective of social protection: Ensure consumption and maintain assets; Access to social services (health and education)
- Options for social protection: Direct transfers, inputs support

Destitute: as ultra-poor but fewer assets, no labor, often female/elderly/child headed

High dependence on single livelihood activity

Increasing diversification of livelihoods

Poor:
- Some land or labor and other assets but vulnerable to further impoverishment
- Income < food and non-food needs
- Heavily dependent on a single activity – usually agriculture
- Vulnerable to climate/weather shocks / crop failure, chronic illness.
- Net consumers of food
- Little resilience to shocks
- Pathway out of poverty: Increase capacity to deal with shocks
- Objective of social protection: Asset building, reducing or mitigating risks that households face; Access to social services; Agricultural credit
- Options for social protection: Direct transfers, inputs support, subsidies to support investment in risky activities

Transitory poor/at risk:
- Land and labor assets
- Some resilience but face a broad range of shocks
- Objective of social protection: Prevent slide into poverty during times of shock or stress
- Options for social protection: Social insurance; Micro-finance, especially credit

Poverty rate: 52 percent

Richer
3. INVENTORY OF SOCIAL PROTECTION INTERVENTIONS

Background and approach to the inventory

To place the current range of safety nets in Malawi in context, it is necessary to first consider earlier activities that have had a strong influence on the current system. Whilst social protection in various forms and under different banners predates Malawi's independence, we can identify four important periods in Malawi's recent history (Table 3.1). These are critical in defining Malawi's current situation.

Table 3.1: A summary of ‘social protection’ in Malawi

<table>
<thead>
<tr>
<th>Period</th>
<th>Types of interventions</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964-1981</td>
<td>Input and output price controls</td>
<td>There were few formal safety interventions</td>
</tr>
<tr>
<td></td>
<td>Universal inputs subsidy</td>
<td>(beyond price controls/subsidies). Market based policies and practices</td>
</tr>
<tr>
<td></td>
<td>Farmer clubs and inputs credit facilities</td>
<td>dominated. This can be best be described as 'those good old days', in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>terms of protection from exposure to effects of poverty and covariate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>shocks.</td>
</tr>
<tr>
<td>1981-1990</td>
<td>Input and output price de-controls</td>
<td>SAPs under stabilization forced Government to dismantle the ‘SP’ system</td>
</tr>
<tr>
<td></td>
<td>Phasing out universal subsidies</td>
<td>with no replacements. The period had no effective protection of the</td>
</tr>
<tr>
<td></td>
<td>Targeted Nutrition Programs</td>
<td>poor and vulnerable, except in serious emergencies.</td>
</tr>
<tr>
<td></td>
<td>Food transfers (relief)</td>
<td></td>
</tr>
<tr>
<td>1990-1994</td>
<td>Interventions under the Social Dimension of Adjustment</td>
<td>Inspired by ‘adjustment with a human face’ calls. Politics in the early</td>
</tr>
<tr>
<td></td>
<td>including credit schemes (Malawi Mudzi Fund)</td>
<td>1990s weakened the farmers clubs which led to the collapse of the</td>
</tr>
<tr>
<td></td>
<td>Targeted Nutrition Programs and</td>
<td>credit system. The effect was that the little that remained for the</td>
</tr>
<tr>
<td></td>
<td>Food transfers (relief)</td>
<td>smallholder collapsed.</td>
</tr>
<tr>
<td>1994-2006</td>
<td>MSMEs Credit schemes</td>
<td>Dominated by Government and donor initiatives. Gradual increase in NGOs</td>
</tr>
<tr>
<td></td>
<td>Public works programs (PWP)</td>
<td>offering SP interventions. Inputs transfers took advantage of the</td>
</tr>
<tr>
<td></td>
<td>CFW, FFW, IFW</td>
<td>collapse of the credit scheme, escalating inputs prices and frequent</td>
</tr>
<tr>
<td></td>
<td>Inputs transfers (SIP, Starter pack, TIP)</td>
<td>droughts. Food transfers and school feeding also took advantage of</td>
</tr>
<tr>
<td></td>
<td>Food transfers (relief and otherwise)</td>
<td>frequent food insecurity to become almost annual. Most of the</td>
</tr>
<tr>
<td></td>
<td>School feeding</td>
<td>interventions were in the spirit of safety nets. There was only partial</td>
</tr>
<tr>
<td></td>
<td>Cash transfers (pilots)</td>
<td>and selective protection.</td>
</tr>
<tr>
<td></td>
<td>Targeted inputs subsidies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Targeted nutrition programs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Integrated livelihoods support</td>
<td></td>
</tr>
</tbody>
</table>

*Social protection in independent Malawi took the form of price controls and subsidies.* By the late 1980s, these measures had yielded little and had become financially unsustainable. From 1981, the Structural Adjustment Program rightly called in earnest for their removal. The late 1980s / early 1990s saw the removal of price support and subsidies and nothing established in their place under structural adjustment. During the period of structural adjustment, the only visible programs were targeted nutrition programs (for example therapeutic and
supplementary feeding for children, and pregnant or lactating women). Food aid was prevalent during years of significant food shortages.

**In early 1990s, projectized safety net programs came to the fore under the social dimension of adjustment (SDA).** New programs were introduced, many of them market-oriented. The Social Action Fund (MASAF) emerged from SDA thinking as a mechanism to support community-based activities that would alleviate poverty. This shift corresponded to a change in government which brought a refined focus on poverty. The policy framework for the poverty alleviation program specifically provided for the work of an institutionalized social action fund and space for civil society organizations like NGOs and FBOs to undertake safety net interventions in aid of the poverty alleviation program. However, the policy framework did not provide for an effective institutional framework for coordinating the poverty alleviating safety net activities.

**In the late 1990s, government and development partners, mainly World Bank, DFID and EU, recognized that the safety net interventions were having little impact on poverty.** An inventory and analysis of social protection activities were undertaken in 1999 as a background to a drive by Government to develop a national safety nets strategy (ref. World Bank 1999: Malawi A Safety Net Strategy for the Poorest, Africa Region). The exercise showed that the safety nets interventions, including the Government-inspired public works and inputs transfers, were too short-term, ad hoc, patchy and uncoordinated. The National Safety Nets Strategy, program and institutional structure emerged from the exercise in 2000 (NEC 2000). This strategy and the institutional structure were adopted in the Malawi Poverty Reduction Strategy as pillar three with four key components: i) Public works program; ii) Targeted inputs program, iii) Targeted nutrition program, and, iv) Direct transfers program, including relief food and support to secondary school going OVCs. A Safety Nets Unit (SNU) was established to coordinate and prioritize safety nets through four technical sub-committees. The system provided support through welfare support interventions, productivity enhancement, and disaster management.

These earlier systems for dealing with poverty, risk and vulnerability have essentially brought about the present safety nets system in Malawi that focuses on:

i) Sectoral approaches to addressing food security and maintaining agricultural production, i.e. especially Starter Pack and Targeted Inputs Programs;

ii) Community-based approaches aimed at mitigating the negative impacts of structural adjustment on the poor people, i.e. MASAF’s social action fund;

iii) Expanded supplementary and nutritional feeding to address the common malnutrition of vulnerable groups like children below the age of 5 years, pregnant women and lactating mothers; and

iv) Frequent free food distribution for short-term as well as long-term food insecurity, especially between 2001 and 2006.

In this section we analyze the inventory of safety nets in terms of key areas and specific questions that are relevant to the subsequent social protection framework and policy development.

22
Project types and beneficiary coverage

According to Kambewa (2005), there are three broad categories in Malawi under which most of the interventions fall:

i) Productivity-enhancing programs (inputs transfers and public works);

ii) Welfare support programs (targeted nutrition – including therapeutic, supplementary and school feeding – direct welfare transfers and capacity building for social welfare services); and

iii) Disaster/risk management activities.

In the latest analysis of safety nets interventions in Malawi, the NSPTC identified twelve different types of safety nets interventions:

<table>
<thead>
<tr>
<th>Public Works MASAF type</th>
<th>School-feeding</th>
<th>Social Cash Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works EU type</td>
<td>Targeted food distribution</td>
<td>MASAF Social Support</td>
</tr>
<tr>
<td>Targeted Inputs</td>
<td>Donations In kind</td>
<td>Social Funds/Micro projects</td>
</tr>
<tr>
<td>Fertilizer subsidy</td>
<td>Targeted Nutrition</td>
<td>Micro-credit schemes</td>
</tr>
</tbody>
</table>

This list excludes other public works like food-for-work and inputs-for-work and includes micro-credit schemes which are not considered as safety nets interventions although they mostly target the poor and vulnerable.

In the period 2003-2006 the productivity enhancing projects were the most common, in terms of number of projects, beneficiaries and total cost. This was followed by welfare support projects. There was only one disaster management project and this has been grouped under direct welfare transfers. In terms of number of beneficiaries and expenditure, direct welfare transfers or social transfers at the time of data collection were very small. Most of the projects are on pilot basis. See Figure 2.

In terms of outreach, the most extensive programs have been: i) subsidized/free food distribution, most importantly food aid through WFP’s Regional program, ii) subsidized/free agricultural inputs (especially fertilizer), and iii) public works (through e.g. EU funding and MASAF). The fertilizer subsidy has been a key element of the Government’s present policy – with a clear but not well targeted social protection dimension. School feeding is another important program, which has a clear productivity enhancing element (boosts health and supports school enrolment), but a less clear social protection function. Cash transfers are becoming increasingly important, but have over the period analyzed been provided only on a very limited bases to specific vulnerable groups e.g. orphans, disabled, and elderly.

20 Stakeholders made compelling arguments during the stocktake for removing therapeutic feeding from the stocktake on the basis that it is a clinical treatment. Despite broad agreement, because of the difficulties of disaggregating data on therapeutic feeding from other social protection activities (for example in the WFP PRRO), it remains in the stocktake.
In terms of actual type of projects, cash-for-work were the commonest projects during 2003-2006 in terms of number of projects and amount of money spent. However, in terms of number of beneficiaries, the most prominent projects were targeted inputs transfers and subsidies. Numbers of cash projects were small (see Table 3.2).

### Table 3.2: Project types 2003-2006

<table>
<thead>
<tr>
<th>Project type</th>
<th>No. of projects</th>
<th>Cum. No. of beneficiaries</th>
<th>Districts covered</th>
<th>Total Cost (USD mill)</th>
<th>Total (months)</th>
<th>2003-2006 Cost (USDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash-for-work</td>
<td>8</td>
<td>863,328</td>
<td>All</td>
<td>212.5</td>
<td>168</td>
<td>137</td>
</tr>
<tr>
<td>Food transfer</td>
<td>2</td>
<td>199,550</td>
<td>21</td>
<td>128.0</td>
<td>84</td>
<td>51</td>
</tr>
<tr>
<td>Inputs subsidy</td>
<td>1</td>
<td>2,000,000</td>
<td>All</td>
<td>60.0</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Inputs transfers</td>
<td>2</td>
<td>3,701,350</td>
<td>All</td>
<td>49.5</td>
<td>84</td>
<td>51</td>
</tr>
<tr>
<td>Inputs-for-work</td>
<td>3</td>
<td>238,857</td>
<td>10</td>
<td>27.4</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>School feeding</td>
<td>3</td>
<td>610,000</td>
<td>14</td>
<td>31.0</td>
<td>78</td>
<td>66</td>
</tr>
<tr>
<td>Sup. Feeding</td>
<td>2</td>
<td>64,208</td>
<td>All</td>
<td>11.1</td>
<td>72</td>
<td>60</td>
</tr>
<tr>
<td>Food-for-work</td>
<td>3</td>
<td>92,293</td>
<td>26</td>
<td>10.1</td>
<td>132</td>
<td>66</td>
</tr>
<tr>
<td>Relief transfers</td>
<td>1</td>
<td>1,225</td>
<td>2</td>
<td>0.9</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Food and cash</td>
<td>1</td>
<td>5,050</td>
<td>3</td>
<td>0.6</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Cash transfers</td>
<td>2</td>
<td>7,065</td>
<td>2</td>
<td>0.5</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: MVAC/Authors data and estimates

According to IHS2, very few households reported benefits from most of the interventions. On the basis of the proportion of households that participated in the safety nets, some of these projects are relatively insignificant in terms of impact. While public works programs appear to have been available here and there, cash transfers were indeed very rare (See Table 3.3). The critical question is whether the current project types adequately cover the needs of the poor and vulnerable. Our conclusion is that the project types are not necessarily inadequate (although some of them are not very relevant for social protection) but suffer from limited beneficiary coverage, mistargeting and significant leakages (especially the major transfer programs). Most of them are too small in scale to have any real impact, as such they just
‘scratch the surface’. According to the MPVA (Box 3.1), fewer households reported participating in various projects due to leakages.

### Table 3.3: Proportion of households that reported benefiting

<table>
<thead>
<tr>
<th>Project</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>At least once 2001-2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free food distribution</td>
<td>percent</td>
<td>percent</td>
<td>percent</td>
<td>percent</td>
</tr>
<tr>
<td>Free food distribution</td>
<td>10.1</td>
<td>15.1</td>
<td>12.5</td>
<td>26.5</td>
</tr>
<tr>
<td>Targeted nutrition program</td>
<td>2.5</td>
<td>3.3</td>
<td>3.6</td>
<td>7.0</td>
</tr>
<tr>
<td>Supplementary feeding</td>
<td>0.4</td>
<td>0.7</td>
<td>0.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Free or subsidized agricultural inputs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer (rainy season) TIP</td>
<td>31.7</td>
<td>36.8</td>
<td>40.5</td>
<td>54.1</td>
</tr>
<tr>
<td>Winter (dimba season) TIP</td>
<td>1.8</td>
<td>2.6</td>
<td>3.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Other free agricultural inputs</td>
<td>0.2</td>
<td>0.3</td>
<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Public works program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food/cash for work</td>
<td>1.0</td>
<td>1.8</td>
<td>3.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Inputs-for-work</td>
<td>0.2</td>
<td>0.4</td>
<td>0.6</td>
<td>1.0</td>
</tr>
<tr>
<td>Welfare transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct cash transfers</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Education bursary programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bursaries for secondary school</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Scholarships for tertiary education</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Other education bursaries</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Source: GoM/WB 2006 Table 9.1

### Box 3.1: Key MPVA findings on project types

1. The two largest programs (inputs transfers and food transfers) are prone to excessive leakages; number of households recorded to have received the transfers is far more than the actual households that report receiving the transfers. Most probably some end up in non-deserving households as ‘bargain’ purchases and not transfers.
2. Almost all safety nets interventions have targeting problems. The worst are the two largest programs; they have high errors of inclusion and exclusions due to
   a. poor geographic targeting - MVAC is objective but ground realities force district level officials to spread the benefits across the district.
   b. biased beneficiary targeting - Community targeting has proved useful at times but works under pressure to include non-deserving and therefore forced to exclude deserving households.
3. School feeding is a good education program. It falls short of being an effective safety net intervention. Its inclusion of non-poor pupils and exclusion of poor out-of-school children is not an operational error but a fundamental flaw. A pure social protection intervention would have worried about this.
4. Public works programs have the potential to alleviate poverty but have very low coverage. Moreover, they are riddled with design challenges because
   a. high wages attract non-poor but low wages keep participants poor,
   b. implementing them in non-lean period misses the time when they are really needed; and
   c. implementing them in the lean period is technically difficult (too wet for most works) and regressive (the poor would be attracted away from working on their own land)

Source: GoM/WB 2006
Objectives and target groups

According to the National Safety Nets Strategy the overall objective of safety nets is to protect the livelihoods of the most vulnerable. An analysis of the objectives of the safety nets projects shows that most of them match the general objectives of safety nets. Almost all projects have food security and poverty alleviation as elements of their objectives. Cash for work programs have the most diversified objectives, possibly reflecting the versatility of cash and the expected use of the created community assets. The long list of project objectives also reflects the multiplicity of implementers and lack of coordination amongst them as well as lack of common understanding of what each type of intervention can realistically achieve.

Recently objectives of some projects include elements to deal with chronic illness (HIV/AIDS and TB). Chronically ill people are increasingly included in the objectives of targeted nutrition programs thereby expanding the range of target groups. Thus beyond under five children, lactating and pregnant mothers as vulnerable groups, nutrition programs are now extended to include TB patients and HIV-infected persons. Related to this, households hosting the chronically ill or orphans and headed by the aged or a child are becoming common target groups. This comes from the perception that the households are too poor to cope with the burden of hosting the ill and orphans. However, we understand that this perception is not supported by IHS2: child-headed households are almost non-existent and households hosting the chronically ill or orphans are, at the worst, as bad as other poor households but certainly not necessarily poorer than those hosting no orphans and the chronically ill.

Again, several of the interventions have very broad target groups. Example of these include ‘vulnerable households’, ‘(ultra) poor with labor’, ‘work-constrained’, ‘disadvantaged people’, ‘poorest households’ and ‘ultra poor households’. Can these be easily identified on the ground? See Table 3.4 for a list of target groups as given by the implementers.

<table>
<thead>
<tr>
<th>Target group</th>
<th>Projects targeting group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households caring for the chronically ill/HIV-AIDS patients</td>
<td>CT FT FFW IT SF</td>
</tr>
<tr>
<td>Poor food insecure households</td>
<td>CT CFW FFW IT</td>
</tr>
<tr>
<td>Child-headed households</td>
<td>CT FT FFW IT</td>
</tr>
<tr>
<td>Female-headed households</td>
<td>CT FFW IT</td>
</tr>
<tr>
<td>Poorest households (ultra poor)</td>
<td>CT CFW IT</td>
</tr>
<tr>
<td>Elderly-headed households (more than 60 years old)</td>
<td>CT FFW IT</td>
</tr>
<tr>
<td>Malnourished U5 children</td>
<td>FT SF TF</td>
</tr>
<tr>
<td>Vulnerable (food insecure) households</td>
<td>CFW FFW</td>
</tr>
<tr>
<td>Households caring for double orphans</td>
<td>CT IT</td>
</tr>
<tr>
<td>Households with malnourished child</td>
<td>CT FT</td>
</tr>
<tr>
<td>Chronically ill (TB and AIDS patients)</td>
<td>FT SF</td>
</tr>
<tr>
<td>School going girls</td>
<td>FT TF</td>
</tr>
<tr>
<td>School going double orphan boys</td>
<td>FT TF</td>
</tr>
<tr>
<td>Households hosting orphans</td>
<td>IT SF</td>
</tr>
<tr>
<td>Severely &amp; moderately malnourished USC, LM and PM PM</td>
<td>SF TF</td>
</tr>
<tr>
<td>Households with 2 or more years of successive crop failure</td>
<td>CT</td>
</tr>
</tbody>
</table>
Of all the types of projects, transfers have the longest list of target groups: cash has fifteen, food fourteen and inputs ten. However, beneficiary groups for cash transfers are generally more specific than for other interventions. Supplementary and therapeutic feeding programs have generally narrowly defined target groups as compared to public works which have the broadest of target groups. Transfers with attached incentives (conditional transfers) are rare and are mainly associated with transfers targeting school-going age children as a way of encouraging them to stay in school. The Mchinji pilot social cash transfer has an additional payout for every child in school and the take home food under school feeding programs is contingent on the child consistently attending classes. This can be seen as a 'soft' condition. The MPVA suggests the use of conditional transfers for direct welfare transfers in certain contexts.  

Many of the project objectives are very ambitious, and often do not appear to be achievable in the current timeframes for the programs. Evaluation and reviews of various interventions have consistently shown that the objectives are rarely achieved due to a number of reasons,
not least the small sizes of the transfers and the period a beneficiary gets the transfer. The lesson for social protection programming is that there is need to consider social protection as a long term commitment - programs with lifespan of more than five years are required. This is where a shared SP framework, policy and program would combine the scattered goals and targets into a few common objectives, help guide designers of SP projects and enable longer-term commitments.

Regarding target groups, there is an urgent need to use evidence when designing SP projects and selecting the target groups. Use of proxy indicators must be preceded by credible analysis because some of the proxy indicators have significant errors of inclusions and exclusion as the discussion in Section 2 shows. Further, analyses of the projects show that some of them target inappropriate groups in terms of the needs of the target group and the type of transfers/payment. Since the characterization of the four groups is more symbolic than real, as already discussed in section 2 above, there is a need to design specific SP projects based on expressed needs in given contexts. This means that if an SP program has to be designed, it should be bottom up and should have clear objectives that point to addressing specific needs and risks of specific target group (and utilize a combination of proxies and community targeting and verification).

Geographic coverage of safety nets interventions

Analysis of geographic coverage of safety nets in relation to the poverty and vulnerability profile is difficult, and the results should be interpreted with caution. For example, an analysis of project concentration using number of projects in a district is very rudimentary. First, projects come by different scales, in terms of beneficiaries and size of the transfer or the period a beneficiary enjoys the benefits. Second, even if the scale of the project is given, the scale of the project needs to be related to the levels of poverty or vulnerability in the district. Third, the exact implementation area in the district is critical due to intra-district variations in poverty and vulnerability.

Most of the projects do not give number of beneficiaries per district. In order to get a feel of geographic concentration of the safety nets interventions, we relate the district cost (a sum of average cost of each project implemented in the district) and number of people at risk (as given by MVAC) and number of poor people (as calculated from IHS2) for each district (See Table 3.5 and also Figures 3 and 4). Ideally there is supposed to be no major difference between districts in terms of the cost per vulnerable or poor because all vulnerable or poor ought to be protected equally.

Rumphi, Nchisi, Phalombe, Dowa and Karonga are the top five districts, in terms of cost per vulnerable and Salima, Phalombe, Nkhotakota, Dowa and Nsanje in terms of cost per poor. Comparing these with the levels of poverty and vulnerability presented in Section 2 shows that there is no matching. None of the top five districts in terms of cost per the poor is among the poorest 10 districts and only one of the top five districts in terms of levels of vulnerability were the most vulnerable. This demonstrates, to some great extent, that there is geographic mistargeting which is a recipe for beneficiary mistargeting.22

---

22 Note that although imperfect, using number of projects per district, would have led to similar conclusions.
Table 3.5: Number of projects and related expenditure by District

<table>
<thead>
<tr>
<th>District</th>
<th>Projects</th>
<th>Cost/ vulnerable (USD)</th>
<th>Cost/ poor (USD)</th>
<th>District</th>
<th>Projects</th>
<th>Cost/ vulnerable (USD)</th>
<th>Cost/ poor (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lilongwe</td>
<td>20</td>
<td>356.12</td>
<td>166.08</td>
<td>Ntcheu</td>
<td>12</td>
<td>128.53</td>
<td>82.66</td>
</tr>
<tr>
<td>Salima</td>
<td>17</td>
<td>469.13</td>
<td>322.82</td>
<td>Nichisi</td>
<td>12</td>
<td>589.45</td>
<td>310.01</td>
</tr>
<tr>
<td>Dowa</td>
<td>16</td>
<td>332.25</td>
<td>234.51</td>
<td>Chitipa</td>
<td>11</td>
<td>420.40</td>
<td>170.29</td>
</tr>
<tr>
<td>Phalombe</td>
<td>15</td>
<td>532.57</td>
<td>255.24</td>
<td>Dedza</td>
<td>11</td>
<td>164.59</td>
<td>59.49</td>
</tr>
<tr>
<td>Machinga</td>
<td>14</td>
<td>269.21</td>
<td>112.46</td>
<td>Mzimba</td>
<td>11</td>
<td>53.98</td>
<td>32.29</td>
</tr>
<tr>
<td>Zomba</td>
<td>14</td>
<td>103.63</td>
<td>49.59</td>
<td>Nkhsata Bay</td>
<td>11</td>
<td>83.33</td>
<td></td>
</tr>
<tr>
<td>Balaka</td>
<td>13</td>
<td>219.82</td>
<td>164.41</td>
<td>Rumphi</td>
<td>11</td>
<td>835.25</td>
<td>196.19</td>
</tr>
<tr>
<td>Chikwawa</td>
<td>13</td>
<td>221.84</td>
<td>122.79</td>
<td>Blantyre</td>
<td>10</td>
<td>67.84</td>
<td>58.59</td>
</tr>
<tr>
<td>Kasungu</td>
<td>13</td>
<td>272.06</td>
<td>142.61</td>
<td>Chiradzulu</td>
<td>10</td>
<td>202.78</td>
<td>101.54</td>
</tr>
<tr>
<td>Nkhotakota</td>
<td>13</td>
<td>352.12</td>
<td>234.71</td>
<td>Mulanje</td>
<td>10</td>
<td>61.86</td>
<td>28.84</td>
</tr>
<tr>
<td>Nsanje</td>
<td>13</td>
<td>416.47</td>
<td>203.50</td>
<td>Karonga</td>
<td>9</td>
<td>500.02</td>
<td>63.99</td>
</tr>
<tr>
<td>Thyolo</td>
<td>13</td>
<td>98.33</td>
<td>58.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mangochi</td>
<td>12</td>
<td>75.46</td>
<td>44.06</td>
<td>Mwanza</td>
<td>9</td>
<td>238.96</td>
<td>166.55</td>
</tr>
<tr>
<td>Mchinji</td>
<td>12</td>
<td>313.56</td>
<td>95.54</td>
<td>Neno</td>
<td>8</td>
<td>235.62</td>
<td>184.74</td>
</tr>
</tbody>
</table>

Source: Authors estimates

Figure 3: Cost per vulnerable person per district (USD)

Source: MVAc/IHSZ/Authors data and estimates
Implementing agencies and period of implementation

Most of the major interventions and Government-inspired interventions are implemented through the district assemblies. Table 3.6 presents implementing agencies mainly for the interventions that were operational in the period 2003 and 2006. For example, district assemblies implemented seven different public works programs that had cash as a transfer. In total they had implemented thirteen different interventions. CARE International in Malawi is the leading NGO in terms of number of interventions it has implemented in the period under focus. It is closely followed by consortia partners namely Africare (6), Save the Children Federation (6), Emmanuel International (5), Red Cross Society (5), World Vision Malawi (5), and The Salvation Army (5).

Major donor funded, but NGO implemented interventions mostly involved a consortium of NGOs. The WFP’s food aid program to the chronically ill involved the highest number of agencies. A total of fourteen NGOs were involved. Other interventions requiring a good number of NGOs include Improving Livelihoods through Increasing Food Security (I-LIFE) and Sustaining Productive Livelihoods through Inputs for Assets (SUPLIFA).

Most of the NGO activities involve district assembly staff as well. The most commonly used personnel are community development officials for community mobilization. In some cases, NGOs use other technical staff depending on the type of interventions. For example, various public works require some technical expertise at district level. These personnel are only available if demand for their time for district assembly work (and other higher paying NGOs) is not high. As long as district assemblies are under-funded, NGOs have full access to the use of personnel at district and sub-district levels. The implication is that the timely and efficient implementation of NGOs’ work is dependent on the under-funding of district assemblies. This may obviously create a problem if Government starts to fully utilize the capacities at district level.

Note that this was only on the basis of the projects included in the inventory. As already indicated there could be projects that were implemented in the period but were not reported to SPU or the stocktake team during its data gathering phase.
Most interventions are implemented within a year (57 percent of the projects); very few run for three or more years. The average running period was 21 months for a selection of typical projects. There is some variation if the period is analyzed by type of project (see Figure 5). I-Life’s five years, is the longest period of funded implementation. This is followed by TNP which runs close to three years. Often, longer programs do not have confirmed lifetime funding (creating uncertainty for beneficiaries over what benefits they will be entitled to). Of course, food transfers are not expected to run for periods beyond a few months if they target the transient poor during emergencies. It is when food transfers shifted to the chronic poor that the period of implementation started to go beyond twelve months. Cash for work projects should operate for a longer period to allow participants to benefit long enough to build assets or save for investment. Unfortunately, they are operated as safety nets for the transient poor who are expected to recover quicker than the chronic poor.

Note that a few of these projects are on-going. We also included projects that predate 2003 for this analysis. For those with specified end dates, the future date is used in the calculation on the assumption that they will continue as planned. For those without end date but are on-going, December 2006 is taken as the end date.
The period of implementation for most of the interventions is too short to achieve poverty reduction.\textsuperscript{25} Worse still, it is rare to have the project target the same beneficiary for the entire period of implementation. This is mostly true for public works programs. The high demand forces implementers to allow as many participants as possible in order to spread the benefits to as many as possible, thereby diluting the potential impact of the projects.

**Intervention costs**

The analysis in this sub-section is based on twenty-five projects. They include all major safety nets interventions implemented in the 2003-2006 period.\textsuperscript{26} For some types of analysis some of the projects are broken into their sub-projects. In such cases the number of projects increases to 28 but the cost drops because only components with required information are included. This is the case for I-LIFE, WFP’s Country and regional programs.

**Estimated costs**

*The total cost for the 25 projects in the four year period is USD538 million. This translates to USD134 million per annum.*\textsuperscript{27} See Table 3.7.

Clearly, Malawi can achieve a lot even with current levels of spending if only the projects are rationalized. This is more so considering that the projects analyzed here are not exhaustive. The rationalization can be in terms of coverage and project types and mix. It is apparent that improved outcomes can be achieved if the country prioritizes projects that directly deal with

\textsuperscript{25} There are good examples of programs with longer durations – for example, the WFP PRRO. However, these are dependent on external funding. At this moment, the WFP PRRO is not fully-funded.

\textsuperscript{26} Estimating the amounts of money spent on social protection was the most problematic task in the development of the inventory. The main issues are (i) difficulties in obtaining data, due in part to reluctance to share financial data for activities by some actors; (ii) difficulty in sharing financial data for activities among all actors; (iii) different budgeting and reporting timelines for different donors and NGOs; (iv) differentiating between budgeted and actual spend; (v) disaggregating spend by different partners in consortia; (vi) disaggregating between government and donor spend because of preferred donor aid modalities; (vii) identifying annual spend for multi-annual programs; and (viii) some projects were active before our start date of 2003.

\textsuperscript{27} The estimated cost for the period 2003 to 2006 is calculated by using the proportion of the period a project operated during this period. The proportion is applied to the given total cost.
the needs of target groups and re-works the geographic targeting. An analysis of cost per district and cost per beneficiary confirms the need for rationalization. See Table 3.8.

Table 3.7: Estimated cost of SP projects in 2003-2006

<table>
<thead>
<tr>
<th>Project name</th>
<th>Cost (USDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 WFP Regional program [PRRO]</td>
<td>124.127</td>
</tr>
<tr>
<td>2 GOM/EU PWP food security program</td>
<td>84.883</td>
</tr>
<tr>
<td>3 2005/6 Fertilizer subsidy</td>
<td>60.000</td>
</tr>
<tr>
<td>4 Emergency Drought Relief Program - PWP (thru MASAF)</td>
<td>50.300</td>
</tr>
<tr>
<td>5 2004/5 TIP</td>
<td>35.085</td>
</tr>
<tr>
<td>6 GoM/EU Public Works Program</td>
<td>34.930</td>
</tr>
<tr>
<td>7 WFP Country program [CP 10106]</td>
<td>34.400</td>
</tr>
<tr>
<td>8 Improving Livelihoods through increasing food security (I-LIFE)</td>
<td>31.500</td>
</tr>
<tr>
<td>9 Inputs for assets program under (IRLADP)</td>
<td>15.000</td>
</tr>
<tr>
<td>10 2003/4 TIP</td>
<td>13.420</td>
</tr>
<tr>
<td>11 Local Authority Managed Projects - MASAF III PWP</td>
<td>12.500</td>
</tr>
<tr>
<td>12 Relief Cash for Work - Conditional cash transfer PWP (thru MASAF)</td>
<td>12.100</td>
</tr>
<tr>
<td>13 Sustaining Productive Livelihoods through Inputs for Assets (SUPLIFA)</td>
<td>8.860</td>
</tr>
<tr>
<td>14 Consortium for Southern Africa Food Emergency (C-SAFE)</td>
<td>6.680</td>
</tr>
<tr>
<td>15 Inputs for assets project</td>
<td>3.500</td>
</tr>
<tr>
<td>16 Special Government Public Works Program</td>
<td>3.332</td>
</tr>
<tr>
<td>17 GOM/EU Income-Generating PWP</td>
<td>2.676</td>
</tr>
<tr>
<td>18 Improving Livelihood through Public Works Programs (ILTPWP)</td>
<td>1.491</td>
</tr>
<tr>
<td>19 Provision of support to disaster victims</td>
<td>0.923</td>
</tr>
<tr>
<td>20 FACT - Food and Cash Transfers</td>
<td>0.619</td>
</tr>
<tr>
<td>21 GTZ School Feeding Project – Emergency</td>
<td>0.588</td>
</tr>
<tr>
<td>22 Thyolo cash transfer</td>
<td>0.455</td>
</tr>
<tr>
<td>23 GTZ School Feeding Project</td>
<td>0.126</td>
</tr>
<tr>
<td>24 Targeted Nutrition Project</td>
<td>0.025</td>
</tr>
<tr>
<td>25 Mchinji cash Transfer</td>
<td>0.014</td>
</tr>
</tbody>
</table>

| Total cost of all projects in the four-year period      | 537.535     |
| Estimated annual project cost in the four-year period   | 134.384     |

Source: Authors estimates

The highest cost in terms of cost per beneficiary, when direct comparison is done, is for relief cash and in-kind transfers, food transfers and cash for public works. Public works generally transfer less to beneficiaries than the cost of the works. The high cost of food transfers is probably due to the size of the transfer (which is effectively higher than the cash from public works projects) and cost of transport and handling. The costs increase considerably through possible leakages (See also MPVA 2006).

In terms of allocations per district, the highest costs are for cash-for-work, food transfers and inputs-for-work. These projects are generally implemented on the basis of vulnerability levels and concentrate in the geographic areas targeted. In many cases, a program or combination of programs have limited coverage across districts, and reach only a few districts over a given period. The main concern is that several vulnerable districts might be left out.

28 Obviously, these projects have very different objectives and outcomes, hence, such direct comparison only provide a crude comparative assessment of cost per beneficiary.
The three largest project types (highest cost per project) are food transfers, inputs subsidies and public works.

Table 3.8: Costs per beneficiary, district and project

<table>
<thead>
<tr>
<th>Project type</th>
<th>No. of projects</th>
<th>No. of beneficiaries</th>
<th>Districts</th>
<th>Cost (USD mill)</th>
<th>Cost/beneficiary (USD)</th>
<th>Cost/district (USDm)</th>
<th>Cost/project (USDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief transfers</td>
<td>1</td>
<td>1,225</td>
<td>2</td>
<td>0.9</td>
<td>753.47</td>
<td>0.462</td>
<td>0.9</td>
</tr>
<tr>
<td>Food transfer</td>
<td>2</td>
<td>199,550</td>
<td>21</td>
<td>125.8</td>
<td>630.67</td>
<td>5.993</td>
<td>62.9</td>
</tr>
<tr>
<td>Cash-for-work</td>
<td>8</td>
<td>900,828</td>
<td>28</td>
<td>202.2</td>
<td>224.47</td>
<td>7.222</td>
<td>25.3</td>
</tr>
<tr>
<td>Supply feeding</td>
<td>2</td>
<td>64,208</td>
<td>28</td>
<td>8.9</td>
<td>138.32</td>
<td>0.317</td>
<td>4.4</td>
</tr>
<tr>
<td>Food and cash</td>
<td>1</td>
<td>5,050</td>
<td>3</td>
<td>0.6</td>
<td>122.57</td>
<td>0.206</td>
<td>0.6</td>
</tr>
<tr>
<td>Inputs-for-work</td>
<td>3</td>
<td>238,857</td>
<td>10</td>
<td>27.4</td>
<td>114.55</td>
<td>2.736</td>
<td>9.1</td>
</tr>
<tr>
<td>Food-for-work</td>
<td>3</td>
<td>92,293</td>
<td>26</td>
<td>8.2</td>
<td>88.96</td>
<td>0.316</td>
<td>2.7</td>
</tr>
<tr>
<td>School feeding</td>
<td>3</td>
<td>610,000</td>
<td>20</td>
<td>25.0</td>
<td>40.93</td>
<td>1.248</td>
<td>8.3</td>
</tr>
<tr>
<td>Cash transfers</td>
<td>2</td>
<td>7,065</td>
<td>2</td>
<td>0.5</td>
<td>66.38</td>
<td>0.235</td>
<td>0.2</td>
</tr>
<tr>
<td>Inputs subsidy</td>
<td>1</td>
<td>2,000,000</td>
<td>28</td>
<td>60.0</td>
<td>30.00</td>
<td>2.143</td>
<td>60.0</td>
</tr>
<tr>
<td>Inputs transfers</td>
<td>2</td>
<td>3,701,350</td>
<td>28</td>
<td>49.0</td>
<td>13.23</td>
<td>1.748</td>
<td>24.5</td>
</tr>
</tbody>
</table>

Note: The figures in this table should be interpreted with caution and not understood in absolute terms. There are large potential errors in comparing the figures due to differences in reporting costs and incorporating costs in relation to outcomes, and few projects involved. The figures nevertheless provide some indication of relative costs of different types of intervention.

Funding agencies

Major funding agencies of the interventions include WFP (and its many donors), EU, World Bank, DFID and USAID (see Figure 6). The Government contribution does not include its core-financing of TIP, MWCD bursaries, MoH contribution to Targeted Nutrition Program and the substantial funding of the 2005/6 fertilizer subsidy. GTZ is a new player in SP in Malawi and is supporting school feeding. UNICEF, beyond its contributions to nutrition rehabilitation units is providing significant financial and technical support for the Mchinji Cash Transfer Pilot and has included support to future social protection in UNDAF. The Irish development aid agency (Development Cooperation Ireland, now called Irish Aid funded a food and cash transfer pilot through Concern Worldwide, while OXFAM GB funded a pilot cash transfer in Thyolo.

---

29 This figure represents more than one project and for a broader set of activities than only feeding the school children. The WFP school feeding project costs are significantly lower – calculated at less than $10 per beneficiary per year by WFP. The MPVA calculated school feeding programs to be USD 15 per pupil.
30 It has not been possible through the data collection process to get fully updated and correct figures from EU.
Key issues from the funding arrangements

i) Donors dominate the funding of SP interventions. Donors fund most of the operational costs and activities in Government project implementation units/agencies like MASAF, GOM/EU PIU and NAC. Donors fund most of the activities of NGOs;

ii) There is very little core funding – NGO head offices only cover key personnel. Most of personnel costs are absorbed by project budgets;

iii) Government funding has historically been very limited. However, Government has stepped up its funding commitment to SP interventions in the recent past as evidenced by its increased funding of PWPs and input transfers and subsidies;

iv) Government is yet to fund direct welfare transfers. It has funded very few bursaries in a year. The highest was 615 bursaries in 2003/4. In comparison, NAC funding covered 38,855 bursaries in 2005/6;

v) Donors are increasingly funding NGOs in consortia to ensure consistency and uniformity of approaches. It started with C-SAFE and extended to SUPLIFA, CO-GUARD and I-LIFE;

vi) The most popular project types are among the most costly (high cost per beneficiary). As a corollary, the least costly project types are not the most common. Rationalization will require careful analysis of donor orientations as well as evidenced-based promotion of the most cost-effective types which also seem to deal with the needs of the poor more directly. For example, it is unlikely that the biggest donor – WFP – would flexibly switch to cash transfers in the immediate term, though cash / food combination pilot design is underway. Likewise, it may take some convincing for EU to switch to inputs and food transfers because its orientation has been social protection tied to food production and infrastructural development; i.e. productivity
enhancing interventions that deal with the immediate as well as future needs. What this means is that careful analysis of donor orientations and needs of the various types of the poor and vulnerable should lead to a mix of interventions that can be ‘bought’ by various stakeholders, including Government that has hitherto shunned direct welfare transfers, except in disaster cases.
4. LINKING THE INVENTORY TO THE PROFILES

Geography of poverty, risk and vulnerability

As already seen (Table 2.2), the region with the highest incidence of poverty is the Southern Region and the region with the lowest poverty rate is the Central Region. Poverty does not increase from North to South. What generally increases from North to South is vulnerability (Table 2.5), a main reason being that food production in the North is more diversified than elsewhere in the country. In general projects are concentrated in areas where poverty and vulnerability are the highest but in the case of specific projects there are problems with the geographic targeting. This is true of district coverage (Table 3.5).

<table>
<thead>
<tr>
<th>Region</th>
<th>Population Share (percent)</th>
<th>CCT PWPProjects Share</th>
<th>Beneficiaries</th>
<th>Spending</th>
<th>SSP Share</th>
<th>Average</th>
<th>SP Incidence</th>
<th>Poverty Incidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>12.4</td>
<td>7.9</td>
<td>8.7</td>
<td>5.9</td>
<td>17.4</td>
<td>11</td>
<td>56.4</td>
<td></td>
</tr>
<tr>
<td>Centre</td>
<td>40.9</td>
<td>52.4</td>
<td>38.5</td>
<td>33.5</td>
<td>37.9</td>
<td>15</td>
<td>46.7</td>
<td></td>
</tr>
<tr>
<td>South</td>
<td>46.6</td>
<td>39.7</td>
<td>52.9</td>
<td>60.6</td>
<td>44.7</td>
<td>13</td>
<td>64.4</td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>13</td>
<td>52.4</td>
<td></td>
</tr>
</tbody>
</table>

Case studies of two MASAF implemented projects namely Conditional Cash Transfers (CCT) public works and Social Support Program (SSP) demonstrate the point further. CCT projects were over-represented in the Central Region but under-represented in the other two regions.

<table>
<thead>
<tr>
<th>Regular</th>
<th>Project</th>
<th>Beneficiaries</th>
<th>Spending</th>
<th>SSP Average</th>
<th>SP Incidence</th>
<th>Poverty Incidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5 Districts</td>
<td>CCT PWP Projects (n=40)</td>
<td>Percent of pop. at risk</td>
<td>Poverty incidence</td>
<td>Population share (percent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lilongwe</td>
<td>60.0</td>
<td>17</td>
<td>37.5</td>
<td>9.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dedza</td>
<td>45.0</td>
<td>30</td>
<td>54.6</td>
<td>4.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dowa</td>
<td>45.0</td>
<td>16</td>
<td>36.6</td>
<td>3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salima</td>
<td>42.5</td>
<td>63</td>
<td>57.3</td>
<td>2.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phalombe*</td>
<td>40.0</td>
<td>50</td>
<td>61.9</td>
<td>2.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chitipa</td>
<td>27.5</td>
<td>27</td>
<td>67.2</td>
<td>1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rumphi</td>
<td>25.0</td>
<td>14</td>
<td>61.6</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karonga</td>
<td>25.0</td>
<td>7</td>
<td>54.9</td>
<td>1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mwanza</td>
<td>22.5</td>
<td>76</td>
<td>55.6</td>
<td>1.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neno</td>
<td>22.5</td>
<td>86</td>
<td>55.6</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

However, in terms of number of direct beneficiaries, the Southern Region had 53 percent of the beneficiary population and received 61 percent of the total amount allocated. This is in
line with poverty and vulnerability levels. SSP projects were over-represented in the Northern Region (see Table 4.1).

In the absence of detailed district by district data to provide an assessment of whether the existing safety nets match current risk and vulnerability in different locations, we can only go as far as comparing the number of projects and poverty and vulnerability profiles. For simplicity and demonstrative purposes, we show the top and bottom districts in terms of number of projects implemented in their areas. Table 4.2 presents the related poverty and vulnerability levels.

Again, it is clear that some districts do appear to have a significant larger share of programs than others that are equally, if not more needy. For example, Lilongwe district, which has low poverty and vulnerability, hosted the highest number of projects, and more than for example Mwanza or Neno, which has higher poverty and vulnerability levels.

**Inventory and needs of poor and vulnerable groups**

Section 2 discussed a number of the proxy indicators for poverty and vulnerability, and the likely needs each group of poor households have. Possible interventions to meet these needs were also highlighted. This section discusses how the range and coverage of the existing safety nets system matches the profile of poor and vulnerable groups and their likely needs. There are limitations to how precisely this can be done.

First, most interventions are targeted on vulnerable group categories rather than on a broader or more specific assessment of poverty, risk and vulnerability. For example, programs that target female-headed households assume that they are poorer than other households – the PVA suggests this is partially true but there are also many households that are poor that are not female-headed. Other examples of where poverty does not match up well with vulnerable groups include the nutrition status of children, and number of orphans in households. However, many projects appear to use these indicators as proxies. Poverty and vulnerability assessments (for example the PVA and Devereux et al 2006) suggest that these are unreliable proxies and may result in significant mistargeting.

Second, there have been very few in-depth evaluations of programs that can tell us which kinds of households received what support in practice. This means that we would not know how successfully the projects reached the target groups even if reliable proxies like household size or number of dependents were used.

However, drawing on assessments of vulnerability and reviews and reports about program coverage, the likely actual coverage of individual programs in the profile is as follows:

i) Cash for work seems to target the right types of households;

ii) Instruments that aim to smooth or enable consumption, especially food distribution, cover a very big range of households – ultra-poor, poor and transient – and have targeting problems which are at the expense of other risk management instruments;

iii) Some transfers (especially inputs) seem to go to households that may not make the best use of the inputs being either labor-constrained or land-constrained or even too poor. A case in point is the targeting of coupons to the poorest households that may not have cash to pay even the reduced price;

38
iv) Some food for work projects target labor-constrained households like elderly, child and female headed households. They even target households caring for chronically ill patients;

v) Some inputs for work interventions target land-constrained households and towards orphan-headed households.

The inventory demonstrates that there is little strategic plan and coordination of the overall range and coverage of social protection interventions in relation to needs across the poverty/vulnerability profile, although these findings cannot be further substantiated without extensive field research. The targeting of so many different kinds of vulnerable groups across small projects and many locations has created a messy tangle of social protection coverage. There is also often a lack of consistency in approaches (for example regarding payment of different wage rates for public works).

A different mix of interventions is required to meet the needs of the different groups in poverty. There are a number of possibilities regarding how the needs of the various groups in poverty can be met. As a first step towards rationalizing the existing project types, the safety net interventions should be targeted to different poor groups as follows:

i) Ultra poor households benefit best from direct transfers (e.g. food and cash) that enable them to ensure consumption and invest in the productive assets and productive capacity. PWPs have created assets like irrigation structures that are eventually utilized for the promotion of their livelihoods strategies on top of cash or food transfers to enable them meet basic needs and take promotional risks for transition out of ultra poverty, but an improved quality of assets created by public works is required. Building productive capacity in the longer-term means paying high enough direct transfers to keep children in school;

ii) Productivity-enhancing programs like public works that encourage direct investment in livelihoods and smart subsidies that reduce the risk of investment in production are appropriate for poor households. Providing insurance against risk, for instance by supporting the adoption of weather-based insurance, is also likely to increase households’ productivity-enhancing investments. Direct transfers also encourage investment in livelihoods and would be effective for this group;

iii) Social insurance – i.e. protecting households against risk – like weather based insurance is appropriate for preventing the transient poor sliding into poverty, but may also be relevant for other groups of poor/ultra-poor;

iv) Integrated SP projects with activities addressing more than one need (multi-instrument) are often more appropriate for poor groups than single-instrument approaches because of the multiplicity of household needs. But single-instrument approaches may be less costly to administer.
Examples of activities and instruments that can be integrated are as follows:

i) Households targeted with cash transfers can benefit from small business management training, participation in community savings and loans;

ii) Poor households participating in long-term cash for work programs would also benefit from linkages to micro-credit institutions, small business management training and even membership in local savings and loans clubs;

iii) Participants in targeted nutrition programs can benefit from food security and nutrition activities like community-based therapeutic feeding, home-gardening and public works linked to winter cropping.

### Table 4.3: Needs and current and potential projects

<table>
<thead>
<tr>
<th>Key Characteristics</th>
<th>Major needs</th>
<th>Projects dealing with needs</th>
<th>Potential projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Project type</td>
<td>Coverage</td>
</tr>
<tr>
<td>Ultra poor</td>
<td>Destitute or near destitute; Very small asset base; Small landholdings per capita; Single livelihood activity</td>
<td>Consumption</td>
<td>Cash transfers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food transfers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>School feeding</td>
</tr>
<tr>
<td></td>
<td>Asset building</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Micro-credit</td>
</tr>
<tr>
<td></td>
<td>Limited asset base</td>
<td>Consumption</td>
<td>FFW</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CFW</td>
</tr>
<tr>
<td></td>
<td>Single activity</td>
<td>Production boost</td>
<td>Inputs transfers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inputs subsidies</td>
</tr>
<tr>
<td>Poor</td>
<td>Vulnerable to shocks</td>
<td>Asset building</td>
<td>CFW</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Micro-credit</td>
</tr>
<tr>
<td></td>
<td>Risk management</td>
<td>Social insurance</td>
<td>Negligible (pilot)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grain options</td>
<td>Negligible (once)</td>
</tr>
<tr>
<td></td>
<td>Vulnerable to shocks</td>
<td>Risk management</td>
<td>Social insurance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grain options</td>
<td>Negligible (once)</td>
</tr>
<tr>
<td>Transient</td>
<td>Weak asset base</td>
<td>Asset building</td>
<td>Micro-credit</td>
</tr>
<tr>
<td></td>
<td>Consumption boost</td>
<td>FFW</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFW</td>
<td>Low (low wages)</td>
</tr>
<tr>
<td></td>
<td>Production boost</td>
<td>Inputs transfers</td>
<td>Low (NGOs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inputs subsidies</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

Table 4.3 presents how the current safety net instruments and projects match up with the three key poverty groups in relation to their likely needs. The table also suggests in the last column what potential projects might be considered to address weaknesses with existing instruments and better address local needs.
5. INSTITUTIONAL ARRANGEMENTS

The institutional environment can determine the effectiveness and efficiency of social protection systems. The design of a new national program would need to take into account the roles of, and relationships between different institutional actors and the interests and incentives they have in the design and delivery of the program (World Bank 2003c). One of the key findings of the MPVA is that poverty continues to be widespread in Malawi, and that there has been little or no progress in reducing poverty and inequality over the last decade, despite the fairly extensive safety nets systems. As indicated, there are both design and institutional problems related to the mix of instruments and the way planning, coordination and management is handled. It is therefore important to ask to what degree the current institutional arrangement is appropriate or adequate for effective and efficient delivery of social protection.

Key issues and questions

This review of the institutional arrangements for the delivery of social protection serves three purposes. First, it enables an analysis of appropriateness of the current arrangements. Secondly, it allows an identification of which institutional linkages and organizational factors are critical for social protection implementation. Finally, it enables an assessment of current capacity to deliver social protection mechanisms and ensure that the future social protection framework, policy and program include measures to build required capacity in various institutions if necessary. The section is mainly an assessment of existing institutional arrangements, and provides only general guidance on selected institutional issues related to coordination of future programs at national and district levels.

Mathauer (2002) identifies the following issues associated with assessing institutional arrangements for social protection:

i) The multi-dimensionality and multi-sectorality of safety net interventions means that coordination is required at both the policy and the program level – both a lead actor and an institutional home are requisite for social protection delivery;

ii) Safety net actors and social services ministries tend to be weak and are often under-resourced, have little voice, and this creates a problem for implementation;

iii) Beneficiaries of social protection are diverse but have only weak representation. At the same time, information asymmetries affect access to social protection by different households so that strong voice and monitoring systems need to be built into institutional arrangements;

iv) Social protection benefits are public goods but have the consumption characteristics of private goods. Hence, it is difficult to create competitive pressures and signals within social protection delivery;

v) Delivery of social protection needs to be located within existing decentralization reforms.
Utilizing these issues as a framework of analysis, the following questions arise:

i) Does social protection in Malawi have a lead actor and institutional home that enables efficient and effective social protection delivery (strong coordination and management)?

ii) Are social protection and safety net actors, at each level, adequately resourced and do they have enough voice?

iii) How far are beneficiaries of social protection represented in the current institutional framework?

iv) How well do current information systems for social protection work?

v) Is there a strategy for M&E to ensure effective service delivery? Is it implemented?

vi) How far does the delivery of social protection follow the process of decentralization and devolution of service delivery to district assemblies?

**Institutional arrangements for safety nets and social protection**

The institutional arrangements for safety nets from 2002-2006 are shown in Figure 7. In 2002, the Safety Nets Unit was located in the Ministry of Economic Planning and Development and its work was guided by two committees: the National Safety Nets Steering Committee; and the Project Management Unit. In 2004, the institutional home of the Safety Nets Unit was moved to the Department of Poverty and Disaster Management Affairs within the Office of the President and Cabinet, ostensibly to give more profile to the unit. However, at this time, the roles and membership of the two committees driving policy for social protection went unchanged. The focus of the Unit, its name, and government policy more widely, remained on safety nets rather than social protection and the implementation systems for safety nets (via four committees each responsible for one component of the system) were not changed.

With the safety nets unit sitting in the Department of Poverty and Disaster Management Affairs, the need to move from a safety nets approach to a social protection approach was recognized. Further changes were made beginning of 2006 and the new institutional arrangements for delivering social protection are shown in Figure 8. The shift in language (from safety nets to social protection) reflects a commitment on the part of government to move towards longer-term and developmental activities to both alleviate poverty and reduce it.

---

31 As the report is being edited, the Social Protection Unit has been relocated to the Ministry of Economic Planning and Development.
Figure 7: Institutional Arrangements for Safety Nets 2003-2006

*In 2004, the institutional home of the safety nets unit moved to the Department of Poverty and Disaster Management Affairs in the OPC but the committees and implementing structures remained unchanged. In May 2007, the Unit was relocated to MEPD.
Figure 8: Institutional Arrangements for Social Protection 2006
Progress: Towards a strong lead and institutional home

The inventory shows as many as 24 actors engaging in social protection. The problems faced in developing the inventory — for example overlapping activities and consortia of implementing partners across government, donors and NGOs — are an indication of how difficult it is to effectively coordinate all these activities. If finding out who is doing what, when and where on social protection in Malawi is difficult, coordinating all these activities is a challenge of much greater magnitude.

Similarly, the constitution of previous and current committees for safety nets and social protection demonstrate the wide range of stakeholders, both within government and beyond, that are involved in social protection. Within government there is a very wide range of sectors — with interests in both social policy and economic policy. Trying to coordinate the activities of a large range of government departments with different (and potentially competing) sectoral priorities and budgets requires a strong (government) lead that can manage and prioritize between different sectors.

The first implication for Malawi is that the Social Protection Unit is better located in a central ministry, and not a line ministry. Both the Ministry of Economic Planning and Development and the Office of the President and Cabinet are central ministries but the lesson is that, even if problems are identified with the current location of the unit, it should not move to a line ministry.

The second implication is that the social protection framework, policy and program need significant political weight and resources behind it. Even when the unit was housed in the central Ministry of Economic Planning and Development, coordination remained problematic. Why? International experience shows that social service ministries tend to be weak and under-resourced. Drawing on Kambewa (2005), a comparison of prioritization, resources and expenditure under the four components of the safety net system (Figure 7) show that expenditure on components 1 (targeted inputs delivered by MoAFS) and 2 (public works delivered by MASAF and District Assemblies) were significant, whilst the direct welfare program delivered by the MoWCD (in spite of the fact that it ought to form the core of support to the poorest households) was much, much smaller.

The new institutional arrangements are a step towards achieving greater authority and clout for social protection. The most important changes have been those at committee level. The new National Social Protection Steering Committee has new membership (see Annex 4.1) comprised mainly of permanent secretaries, and the committee is chaired by the Chief Secretary (the head of the Civil Service and senior civil servant in the Office of the President and Cabinet). The National Social Protection Technical Committee also has revised membership and has new TORs that represent a shift from project management to playing a technical policy advisory role.

The composition of both committees also reflects the need for a government-driven and government-owned process. For example, out of 18 members of the new Steering Committee 13 are from Government. Similarly, out of 23 members of the new Technical Committee, 14 are from government, whilst the others are donor agencies and NGOs. How far the committee chairs will be able to manage: i) the different priorities of various government stakeholders and; ii) the (sometimes peremptory) influence of donors, remains to be seen.
Remaining challenges for institutionalizing social protection

Whilst significant progress is being made to strengthen the institutional arrangements for social protection, there are still challenges ahead. In the case of some of these challenges, progress cannot be made until the social protection framework is finalized and becomes operational. However, it is still important to consider various challenges in order to make recommendations that may influence the policy process.

Implementation systems and stakeholder roles are not fully clarified

Despite the establishment of the NSPSC and NSPTC, there is no clarified and agreed new institutional framework for implementation of social protection. Thus in Figure 8, the implementation box is empty. Without an implementation strategy and framework, there remain a range of uncoordinated, overlapping and sometimes contradictory activities. This has meant that actors engaging in social protection are continuing to work on a project-by-project basis. All new social protection activities are not yet placed before the NSPSC/NSPTC for decision making.

It is expected that discussions on appropriate institutional arrangements for coordination and implementation will become more pronounced as the policy and program formulation process proceeds.

Donor roles remain unclear in this regard. Whilst the social protection policy process is largely government-owned and government-driven, donors are influential and not always so well coordinated. Donors have different approaches to and activities within social protection. Whilst there are some positive examples of donor coordination and harmonization, for example in MVAC and JEFAP (see Box 5.1), there are also examples of lack of coordination between donors that may be holding back steps towards a long-term social protection program in Malawi.

i) Some donors focus on particular instruments (that they often call ‘poverty reduction programs’ rather than ‘social protection’) and therefore work through different institutional arrangements to those associated with the SPU / NSPSC / NSPTC;

ii) Some donors see WFP’s school feeding program as part of social protection whilst others regard it as an education program;

iii) UNICEF focuses on the very poorest households and ensuring their consumption, whilst DFID and the World Bank focus more on enhancing productive activity and ex-ante risk management;

iv) Donor policy positions are sometimes out of sync with one another and those of government (the EU Public Works program pays more than MASAF creating confusion at local level; the general WB policy on public works is to pay below the prevailing agricultural wage rate);

v) Different donors focus on different elements or dimensions of the social protection agenda, and each tries to push forward its own priorities rather than attempting to speak in a unified voice with Government.
In recent years, the allocation of food aid has been rationalized, under the overall guidance of the Joint Emergency Food Aid Program (JEFAP). The JEFAP includes representatives of various government ministries, the donor community and a consortium of NGOs. The objectives of JEFAP were to source and coordinate the distribution of relief food items to the most vulnerable and food insecure households in Malawi in a spirit of transparency and accountability. The creation of this government task force at national level promoted agreement and coordination among stakeholders of the humanitarian response to emergencies. The JEFAP structure has also provided a crucial forum to develop and refine operational targeting criteria.

The Malawi Vulnerability Assessment Committee (MVAC) is the main institutional process generating information for national-level targeting decisions. The MVAC carries out an annual livelihoods analysis to assess which areas are most in need of assistance. The main methodology adopted by MVAC is a Livelihoods-Based Vulnerability Approach, known as the Household Economy Approach (HEA). This livelihoods-based vulnerability approach generates information and analysis that provides a foundation for better understanding the dynamics of change and vulnerability within households.


Social protection policy processes and implementation are under-resourced

Previous analysis of the institutional arrangements for delivering social protection in January 2005 showed that the work of the safety nets unit was severely compromised by resource limitations – particularly staffing (Jones et al 2005). The analysis suggested that changes in senior management, training and other commitments resulted in little progress being made in the inception phases of the development of a more strategic and policy influencing approach to social protection. In January 2005, the government commitment for senior level support for safety nets appeared to be ‘in limbo’ due to change in senior management. Resolution of senior management appeared to be unlikely for a period of months. The safety nets unit was operating with three staff members. It was suggested that the range of work covered by the safety nets unit was very large and there were concerns that the unit’s activities were spread too thinly, preventing them from making significant progress on any issue.

At the time of writing, whilst significant progress has been made regarding the commitment to social protection at a senior level, staff resourcing issues have not yet been resolved. In December 2006, the Social Protection Unit was operating with only one team member (out of an agreed 10). Staff turnover remains a problem with staff either being moved to other departments, or returning to studies. Until this problem is addressed, there is little likelihood of the social protection framework moving forward without the support of external consultants. The use of consultants (including those producing this report) detracts significantly from attempts to move towards a government-owned and government-driven process, but has been important to enable progress to be made in policy and program formulation. Regarding new staff recruitment, the Civil Service Commission has advertised for three posts and one posting has been approved.
Institutional coordination and roles of decentralized institutions

Beyond the Social Protection Unit itself, there is an important set of questions about the structures for operational coordination between the large implementing agencies and sector agencies for the new national program. Obviously, the existing Technical Committee and Steering Committee for Social Protection will play an important role in the planning and coordination of programs. Linked to this is the role of the district level and the district level assemblies, and to what degree design and delivery of social protection should and can be decentralized. While design of program activities might be part of program activities of district development plans, full decentralization might not be feasible (because of lack of capacity for designing) or desirable (due to likely quality control issues, loss of economics of scale, and coherence of programming across districts leading to fragmentation). It would be important however to find a way of involving the districts not only in implementation of programs but also in their strategic design. As part of Malawi’s Poverty Reduction Strategy, decentralization, via devolution, has formed a key component of Malawi’s strategy to combat poverty. This included the decentralization of service delivery to district assemblies as a cornerstone of Government development policy in recent years. Two issues have emerged regarding the role of district assemblies in social protection delivery.32

First, whilst there is a legal framework for a comprehensive decentralization of government functions, reviews of the process suggest a lack of genuine internal commitment at the centre of government in terms of genuine transfer of powers and resources (Cross and Kutengule, 2001). Ellis et al (2003) argue that PRSPs are heavily infused with the rhetoric of local ownership, participation and the empowerment of the disadvantaged, but in reality, decentralization in Malawi has been promoted by donors, pursued with limited enthusiasm by central government and is not a response to spontaneous popular demand for local autonomy in decision-making processes. They also suggest that the decentralization of fiscal processes in Malawi are viewed largely as a mechanism for increasing the potential tax yield on which district assemblies can rely. Sectoral analyses of decentralization (for example, Kaarhus and Nyirenda (2006) on agriculture, Davies et al (2003) on education) mirror these general concerns about the influence and commitment / reluctance of various parties involved. They also highlight ambiguity over the exact roles of different parties, and the need for clear leadership, strategy and reliable support (especially funding) for successful and efficient decentralization.

The second issue is the question of district level capacity to design and deliver social protection. A synopsis of findings and critical questions emerging from interviews, especially at district level in Nkhotakota and Mchinji is given in Box 5.2. It is clear that capacity at district level is highly variable with implications for the implementation of social protection programming. However, in various interviews at district levels it has been argued that capacity for implementation is often present, and that capacity issues are being used as a smokescreen by:

i) Central powers who are reluctant to devolve power and resources;

32 There are additional questions about the links between different actors and operations on the ground, about the coordination of policy and operations at district and local level that are not addressed here (due to limited field assessment). It is particularly unclear how far relationships between the state, district assemblies and the district commissioner are changing, and how this will affect social protection delivery.
ii) Various other implementers of social protection, particularly some NGOs who are involved in delivery of services themselves; and

iii) Donors who do not trust district assemblies to account for funds.

_in the face of concerns about limited capacity, some actors are by-passing local government, rather than investing in the capacity of local government._ Whilst there may be arguments for doing so during emergencies, i.e. when there is not time to build capacity, it is less clear what the rationale for doing so is for long-term, developmental social protection programming.

_The major lesson is that actions under social protection programs, including those by donors and NGOs, should seek to support district level implementation, rather than bypass it._

---

**Box 5.2: Social Protection at District Level: Opportunities and Challenges**

_National and district level vulnerability assessment_

There is more disagreement than agreement on the national assessment of district level vulnerability. In many cases, district assemblies disagree with the national vulnerability assessment of their districts. There are two issues here. The first is that where social protection interventions are directed by vulnerability assessment it is difficult to map resource flow if the national assessment is ignored. The second issue is on the methodology of the assessment. Why do district assemblies often disagree with the assessments? Is it because they don’t know the methodology or because they are not involved in the assessment? Whatever the case, it is vital for the framework and policy to ensure uniformity of the ‘evidence’ used to guide SP interventions. This leads to the next critical issue.

_The place of the district assemblies in the SP institutional set up_

All major SP interventions including those by NGOs are implemented by district assemblies or use district assembly staff. These district level staff have implementation lessons that need to be fed into the policy making and program design processes. While NGOs (represented in the Technical Committee) can present their lessons and views, district assemblies cannot. Whilst the Ministry of Local Government is part of the Technical and Steering Committees, it is not clear how the arrangement allows the DAs to provide their inputs in the central Government processes. Some representation from the Malawi Local Government Association at national level would help. For example, the Malawi Local Government Association could also create a forum where lessons learnt from implementing various SP interventions can be fed into the process.

_Design of SP interventions at district level_

Again related to the first point, who designs SP interventions and on what basis? Given that DAs are in charge of development issues at the district level, they should be more firmly involved in designing also SP interventions suited to the needs of their vulnerable and needy. If such interventions came out of local government structures like VDC and ADCs it might help incorporation of beneficiary views in the design. However, some level central control of planning and design would be required.

_Funding arrangements of SP interventions at district level_
Ideally, SP interventions should be designed and implemented at district level. However, regardless of where the design of the interventions is coming from, there is the issue of funding of SP interventions and the flow of funds to the district level. The vision of the SP in Malawi is to have separate, ring-fenced and basket funding for SP interventions. The question is how can these resources reach the DAs? There are two possibilities. The first is that resources can be housed in the DoPDMA but controlled by the NSPSC. Transfer of resources would be direct to the DAs using a special SP window in the Local Government Development Fund (LGDF – possibly under the current ‘committee’ window – in parallel with MASAF). The other alternative is that Treasury transfers the resources directly to DAs and the SPU provides policy advice and support to the development of SP programming in District Development Plans. Practitioners preferred the latter to enable the SPU concentrate more on policy issues than financial management.

A third option is that the resources are controlled by the Local Government Finance Committee and distributed to district on the basis of a formula that is remotely related to vulnerability and dynamic poverty.

**Coordination of SP interventions at district level**

Interviews at district level suggest some frustration in the relationship between NGOs and DAs. These are largely around a lack of accountability of NGOs to the district assemblies where they work and a similar lack of reporting. These implementation coordination problems should be addressed more firmly as the process moves towards defining the new national program.

**Beneficiary voices are not heard in social protection policy and programming**

*Poor and vulnerable groups in Malawi tend to have weak representation in decision making arenas and policy processes.* They are also poorly organized. Mathauer (2002) argues that beneficiary groups tend not to be vocal – they don’t voice their concerns, they don’t demand safety net services, they rarely complain about inadequate services. Instead they tend to be passive beneficiaries of social protection.

Hence, there is a need to facilitate mechanisms to ensure that beneficiaries are better represented in decision making about social protection – both in policy formulation at national level and in programming of District Development Plans at the local level. The Social Protection Steering and Technical Committees have attempted to achieve this by inviting the NGO umbrella, CONGOMA, to be a member of the Steering Committee and a number of NGOs that seek to represent the poor, to join the Technical Committee.

Beyond representation on these social protection committees, some NGOs in Malawi, for example, ActionAid and PLAN, are actively seeking to support poor and vulnerable groups’ voice in social protection dialogue in a number of other ways – including articulating a harmonized NGO position on social protection and lobbying for greater representation of vulnerable groups within the main structures for social protection policy-making. NGOs have also recently agreed on the need to create more political space for dialogue about social protection. Similarly, Mathauer raises questions about the politics of social protection and
argues that there is a danger that beneficiaries may be taken over by more powerful, but less needy, groups advocating for their own interests (2002, p. 7).

But this raises questions about who can claim to represent potential beneficiary groups in dialogues around social protection:

i) Is it NGOs or other forms of civil society?
ii) Is it representatives from district assemblies and traditional leaders?
iii) Or politicians?

At present there is limited space for NGOs on the various social protection committees and even less space for political representatives. It is clear that social protection is a highly politicized issue – the political debate and posturing over the implementation of the government’s input subsidy voucher program are testimony to this. The way forward is not clear, however, and needs more discussion. Suggestions at stakeholder workshops were to explore options for working with all-party parliamentary committees to try and garner cross-party political support for social protection. The involvement of civil society has also been strengthened and three regional workshops and one civil society workshop will take place in 2007 as part of the planning process.

Social protection monitoring strategy

The framework for analyzing institutional arrangements emphasizes that strong monitoring and evaluation is critical to ensure the cost-effective implementation of social protection programs. The review shows that monitoring and evaluation is rarely taken as seriously as it needs to be in many of the projects, and the coverage of M&E is very patchy. Many programs equate monitoring with reporting on how much food / cash / inputs etc were delivered where, when and how, rather than seriously evaluating the extent to which programs enabled risk reduction, mitigation and coping among the poor and vulnerable households. This is, in part, symptomatic of the prevailing emergency response which tends to report on the outputs of programs rather than the outcomes. There are examples of good practice in monitoring and evaluation, for example, Oxfam’s cash transfers program and Concern Worldwide’s food and cash transfer program. In MASAF, some progress was made in 2005 with the establishment of an M&E system (Jones et al 2005). However, whilst specific sub-programs, notably public works, and fertilizer subsidies, have been the subject of regular evaluation, others have received much less attention. For example, the impact of social support programs on the poorest households is not well understood. There is no formal mechanism to show how the proceeds from social support programs are transferred to beneficiaries.

Regular, strategic and in-depth monitoring and evaluation of social protection interventions should underpin the social protection framework, policies and future programming. Efforts around M&E should be focused not on establishing a whole new M&E system, rather efforts should aim to harmonies and strengthen the existing range of different information and M&E systems (e.g. linking the Joint Task Force Database on agricultural policies and programs with the SPU database on safety nets).

33 With the exception of MASAF and some NGOs (e.g. Oxfam, Concern Worldwide) little systematic work was found on M&E among agencies involved to support findings.
There are other conclusions too: Donor reporting should be better harmonized, particularly where there is basket funding and where a consortia delivers social protection interventions. Currently, the capacity to do good M&E is compromised by the range and timing of reporting requirements of different donors. M&E can also be used to try and address the problem of beneficiary voice identified above – for example, good M&E can move beyond leading questions about whether beneficiaries found transfers useful, to clearly understanding how transfers are used, their ramifications for wider livelihoods and local economies, and the gaps (risks) that remain in spite of transfers. Questions remain about the relationship between the M&E group within MEPD and the Social Protection Unit and how far a coordinated process for M&E can be established.
6. BROAD PROGRAM OPTIONS AND AFFORDABILITY OF SOCIAL PROTECTION

This section attempts to lay the basis for a discussion of costs and targeting, by providing some broad program options for possible social protection and social transfers. The section does not, however, attempt to answer what level of funding is affordable or advisable for Malawi. An assessment of affordability would need to consider total annual costs of social protection in relation to GDP, government budget, donor assistance, and trade offs involved in funding social protection versus other forms of investment.

The present safety nets system costs USD134 million annually, which is about 6.5 of GDP, 15 percent of annual budget, and about 34 percent total development assistance. It is important to keep in mind that this amount includes emergency food aid and fertilizer input supply (among others). To put this figure in perspective, MPVA estimates that close to USD60 million would be needed annually to move the ultra poor (22 percent of the population in 2005) out of poverty through a cash transfer program (assuming no transaction/administrative costs), or about 3 percent of GDP and close to 7 percent of annual budget. Hence, a main issue in social protection is to rationalize the existing system and move towards a different mix of instruments and programs, rather than increasing the total spending on social protection. This would also require a consideration of present level of fertilizer subsidies and food subsidies (through ADMARC), which is not included in these costs. To this end, one could, as an example, consider raising the incomes of a significant share of the ultra poor to a minimum subsistence level (food poverty line), or alternatively for some estimated proportion of essential food requirements (e.g. to cover shortfalls during the four-month lean season). Given the number of poor involved, a cash transfer program would probably have to reach a minimum of 10-20 percent of the population to be meaningful.

It is important to be aware of the opportunity costs involved in funding social transfers at the expense of investments in other social sectors or more directly productivity enhancing activities (such as education, irrigation, roads), or other expenditures that could improve welfare of the poor at current income levels (such as rural health or water supply). An assessment of such trade-offs between investments in different sectors is difficult. But one may, for example, compare the investment in such a program with the current budgets and spending of the Ministry of Health or Ministry of Education. There are important under-investments in these sectors. For example, it is argued that the recurrent costs of primary education would need to grow with USD22 million by the year 2015 in order to achieve universal primary education (from the current costs of USD46 million to USD64 million) (ref. Public expenditure review, 2007). Such trade-offs are important to think through, while determining a sound level of investment. There is obviously no "right amount" to choose to spend on social protection.

34 It would cost USD315 million to similarly move out of poverty all the poor, i.e. 52 percent of the population (GoM/WB 2006:234) or 17 percent of GDP. This would clearly not be financially feasible under present fiscal constraints.

35 For illustrative purposes, a cash transfer program designed to reach the poorest 15 percent of the population, and transfer USD 3/month to each person (MK 420/month) would cost a bit less than USD 70 million per year (assuming no transaction and administrative costs). This is about the same level as provided monthly per person under the National cash transfer pilot project (Mchinji pilot scheme). Such a program would represent about 3.5 percent of GDP, 8.5 percent of the annual budget, and a bit less than 20 percent of annual development assistance. This is clearly affordable.
Given three key target groups (destitute/ultra poor, poor and transient poor), the following might be seen as significant and meaningful options and scope for social protection.  

First, there is a need to undertake a major rationalization of existing safety nets system, with a new mix of instruments and programs, possibly at about the same level of investment. Some options to this end are proposed in Box 6.1 based on MPVA recommendations. Second, the new program would make the shift from (short term) safety nets to long-term and predictable social protection programs. Third, an overall goal could be to reduce poverty and enable the poor to escape from poverty and vulnerability.

i) A major objective could be to significantly reduce the rate of ultra poor and provide welfare support to those who are unable to construct a viable livelihood through a combination of social transfers (conditional/unconditional), and productivity enhancing instruments and measures to prevent asset erosion. Priority could be given to the “destitute” or chronic poor mainly by providing cash transfers or food transfers – as well as ensure complementary long term investment in human capital, access to health and education, support of asset transfers, labor-saving technologies, or securing rights over productive assets e.g. land. A cash transfer program to 10 percent poorest would cost in the order of USD 40 million annually, or about 2 percent of GDP, 4.5 percent of the annual budget, and 10 percent of total development assistance;

ii) Such a program would provide substantial additional support for poor, transient and vulnerable poor with priority to the 30-40 percent poorest, by promoting livelihoods through productivity enhancing transfers that improve risk management, productive capacity, and asset bases. This would limit people falling into ultra poverty, and help poor people to graduate out of poverty or vulnerable circumstances (through e.g. a combination of unconditional/conditional cash transfers, access to services, micro-credit, agricultural input, inputs for work, and direct asset building for communities or individuals (livestock, tools, equipment, infrastructure). Moreover, improve risk management and disaster reduction by preventing the erosion of assets when households or communities are hit by adverse shocks, and enabling risk management that help them mitigate against, or cope with shocks. Additional objectives might be to address e.g. assistance to solve collective problems, and access to affordable services and markets.

This social protection program would likely be the main responsibility of several sector ministries and attract most key donors/NGOs involved in the safety nets program today - depending on choice of funding mechanisms and type of instruments involved.

Since few safety nets instruments have so far been adapted to the needs of the ultra poor and the destitute, it is suggested that this group would be prioritized through a new social transfer program. An important share of the poor and ultra poor groups is located in urban areas (where there are also less potential benefits from public works and input subsidies.). The difficulties in identifying the poorest of the poor has brought in the idea of a three-prong

---

36 Even if such categories of households can be distinguished through the MPVA, these are not necessarily discrete categories on the ground and easy to distinguish through implementation, which typically involves a community targeting process.

37 This concerns in particular e.g. poor elderly, disabled, or infirm (if limited support); labor and/or land and asset constrained households, many among which would be poor female and/or elderly-headed.
approach to targeting (a special version tested also in Mchinji) which uses a short-list of proxy indicators, use of community-developed poverty manifests, and verification of identified beneficiaries using independent assessors or the entire community.

The new social transfer program could be funded from a combination of sources, such as rationalization of the existing safety nets program, earmarked and additional government funding, and some additional donor funding. This would be in line with existing policies as laid down in the MGDS, as well as the social protection framework.

The program would include mechanisms for joint funding or basket funding – although many smaller schemes would likely continue to coexist with larger multi-donor program(s). The program would be decentralized in relation to planning and implementation with substantial participation of people through appropriate social accountability measures. The vision of the SP in Malawi is to have separate, ring-fenced and basket funding for SP interventions. How might these resources flow to the district assemblies? There are various possibilities of which two stand out:

i) Resources are housed in the SPU but controlled by the NSPSC. Transfer of resources would be directed to the DAs using a special SP window in the Local Government Development Fund (LGDF – possibly under the current ‘committee’ window – in parallel with MASAF);

ii) Treasury transfers the resources directly to DAs and the SPU provides policy advice and support to the development of SP programming in District Development Plans.

Practitioners tended to prefer the latter of these approaches to enable the SPU concentrate more on policy issues than financial management.

More specifically, the MPVA brought out the following recommendation for a national programs, the core of this being supported by this stock take (even if a set of issues are pointed to – see next section).

<table>
<thead>
<tr>
<th>Box 6.1: Recommendations from the MPVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Put in place a long-term, regular and predictable system of social protection that:</td>
</tr>
<tr>
<td>i) Facilitate graduation out of poverty by acting as a springboard that allows households to take advantage of opportunities for wealth creation while protecting against risk-induced hardship i.e. breaking the poverty trap for the chronically poor;</td>
</tr>
<tr>
<td>ii) Prevent erosion of human and physical capital that accompanies extreme poverty;</td>
</tr>
<tr>
<td>iii) Address household vulnerabilities brought about by frequent shocks like food crises and chronic illness;</td>
</tr>
<tr>
<td>2. Strengthen the role of diagnosis and evidence in the design of SP interventions as well as increase resources for monitoring and evaluation of the interventions;</td>
</tr>
<tr>
<td>3. Adopt better targeting and prioritization in light of the pool of poor people and</td>
</tr>
</tbody>
</table>
fiscal constraints;

4. Increase government ownership and leadership by establishing a single government-controlled SP program; Introduce a mix of interventions that would reach all vulnerable groups and help households better manage risks:

i) Gradually introduce long-term, regular, reliable and predictable system of direct transfers to the 10 percent of the ultra poor in the form of conditional cash (after harvest) and food (lean period) transfers using a two-stage targeting method – geographical community targeting (using a few categorical indicators);

ii) Scale up programs in nutrition and preventive health to children under two years of age using the Honduras model;

iii) Scale up bursaries programs for the extreme poor to build their assets;

iv) Re-introduce private sector friendly TIP or a combination of targeted fertilizer subsidy–vouchers coupled with social cash transfers for purchase of fertilizer;

v) Scale up inputs-for-work voucher programs in areas with inputs availability for the transient poor;

vi) Scale up weather-based index insurance including the possibility of re-insuring in the international market as well as for risk management of the transient poor;

vii) Scale up public works program to increase its coverage because it is well targeted to cater for cover households faced with shocks;

viii) Provide emergency aid (food during drought and disasters, blankets, shelter and water during disasters) and/or food price support when households are faced with covariate shocks;

ix) Take up an index based insurance policy or purchase call options on the South African futures exchange market to cover maize production failure;

x) Address the social protection function of ADMARC – as it relates to marketing – as well as food subsidies;

xi) Build on best practices in program design, adjusted to the country context, such as: i) pure transfer program should target very specific groups; ii) safety net expenditure should finance some productive investment to help graduation out of poverty; iii) programs should have multiplier effects and help e.g. risk reduction or diversification; iv) timing of intervention is important; v) simpler programs are often less administratively costly (Smith and Subbarao 2003 in MPVA, World Bank 2003, DFID 2006b).

Source: GoM/WB 2006

A key issue would be to determine the more precise mix of instruments, what funding levels of government and donors would be affordable and appropriate, and what implications this would have for different development partners. This would need to start from the state of need in given regions, risk factors, the nature of the target groups, and the role of allied social policies, and other politico-institutional factors. For example, the new mix of instruments would need to address the fact that female headed households are much more prevalent among the ultra poor, and assess potential gender-biases in existing instruments (e.g. types of...
public works) and how new instruments can be made more gender neutral (e.g. well-designed cash transfers). An assessment of trade offs between investments in social protection versus investments in other related sectors would also be necessary to determine this. To this end, theory and evidence suggest that the trade-offs between traditional safety net goals and growth/efficiency have probably been exaggerated. Safety nets often have the potential to enhance growth – with careful design, follow-through and monitoring (World Bank 2003, DFID 2006b, IFPRI 2004).

Figure 9 assists in setting the scope of social protection in line with the recommendation of the National Social Protection Technical Committee that social protection should have clear boundaries and that the interventions envisioned should favor a shift away from relief (NSPTC Minutes 21-09-2006). One may identify a core of social protection activities that include direct welfare transfers (such as cash transfers) and productivity enhancing transfers (for example inputs distribution and public works programs that create assets) (ref. e.g. Kambewa, 2005, Devereux 2006, as well as the GoWB 2006).

Coherent and progressive social protection interventions have strong positive linkages with other economic and social policies, and with disaster management, and through synergies with these policies can contribute to economic growth. As reflected in the Social Protection Framework, one should take into account the potentially broad scope of social protection objectives and interventions as outlined earlier in the report, and their overlaps with other areas of national policy.

Social protection and social policy: Policies for improved social service provision, for example, primary education and health, are not directly concerned with social protection but really constitute mainstream social policy.

**Box 6.2 Honduras Community-based Integrated Child Care Program**

This program implemented by the Ministry of Health in Honduras is widely perceived as a ‘good practice’ program in preventive health and nutrition care. It relies on volunteers to proactively engage both the families and communities to monitor and maintain growth of children less than 2 years of age. Sick children under 5 are also treated or referred to health services. The volunteers use a simple and structured counseling approach with families – based on a diagnosis system to identify inadequate monthly growth and their causes. The treating relates to causes, not short term symptoms. The volunteers also interact at community and district levels to analyze and create awareness about the causes of poor child growth that are beyond the family’s ability to address. The long-term annual recurrent cost of a child under two that take part in the program is USD 6.8.


However, social policies specifically aimed at tackling poverty, exclusion and vulnerability, such as interventions to combat chronic malnutrition, improve nutrition awareness and address an over-dependence on maize, may fall within the social protection remit. Moreover, newer evidence from the international literature suggests that for example cash transfers and vouchers can improve human development, by addressing demand-side issues (e.g. through soft conditionality, DFID 2006). A significant national and targeted nutrition program should be part of, or closely associated with the new social protection, possibly adapting the Honduras model to the Malawi context (see Box 6.2).
Figure 9: The scope of social protection

Social protection and economic policy: There are also aspects of economic policy that overlap with social protection but overall are likely to fall outside the scope of social protection policy for example agricultural extension, and general aspects of food security, food market management in support of social protection, such as futures markets, weather insurance, well-managed financial or food reserves, and support to private traders. Moreover, economic policies that foster markets and the private sector may be essential to make social transfers functioning efficiently. Hence, agricultural and trade policies need to be conducive. Social protection can be designed to support long-term growth as reflected in the Malawi Growth and Development Strategy (and in the literature, World Bank 2005, IFPRI 2004, DFID 2006).
Social protection, risk and disaster management; These are closely related areas. It is essential that emergency responses are underpinned by an effective long-term social protection program, since the same type of interventions that protect and promote livelihoods in a routine way can help reduce their vulnerability to hazards that cause disasters and accelerate recovery after disasters.

The overlaps between these different areas are shown in Figure 9 and include activities such as school feeding programs to increase enrolment and improve attendance, and inputs subsidies that aim to both improve access to inputs whilst simultaneously strengthening private sector fertilizer markets (if the private sector is involved).

In practice, it will be necessary to attribute responsibility for a particular social protection intervention through mutual agreement between government sector agencies involved, taking account of whether the primary objective is a social protection one or not.

Options for a national social protection pilot program

In order to determine the best options for the National Social Protection Program, a national pilot program has been started. Certain concerns can been raised, however, about the degree to which the existing national pilot (the Mchinji scheme) can provide all the answers required. The approach is based on a single-instrument approach (cash transfer), and initially focused only on one specific district. The recent expansion of the pilot to other district may help bring broader experiences, while assessment of only one instrument may still limit the lessons that can be drawn. The pilot is now being evaluated. The findings of the stocktake suggest a need to differentiate between a ‘pilot project’ and a ‘pilot program’. A pilot program may in this regard involve actions at different levels (district and national) and draw on different instruments and experiments with different institutional arrangements (multi-instrument approach).

National cash transfers pilot project

The Cabinet’s approval of the expansion the Mchinji social cash transfers pilot might be one way forward. The main advantages of this approach are that:

i) The pilot can be expanded very quickly (steps to expand from Mchinji have already been agreed in Cabinet);

ii) It can help us understand how well cash can work under different levels of poverty, and with different levels of institutional and implementation capacity, and involve less transaction costs;

iii) Additional factors could be assessed - for example the effect of the size and timing of transfers (e.g. monthly, quarterly, or biannual).

An expanded pilot would provide an opportunity to follow households through the pilot, and facilitate a discussion about choice of target categories (for example, help discussion about what proxy indicators are most suited for identifying the ultra poor). This will help to identify objectives and target groups for cash transfers in the future. Overall, this cash pilot would enable government to make informed policy decisions (based on economic efficiency and general effectiveness rather than ideology about whether people should do public works in
return for income support), about whether to target using labor availability in the household, and whether to target only the ultra-poor or most poor households. The disadvantage of this single-instrument approach is that it is less likely (than the alternative below) to enable improved coordination between different instruments, programs and stakeholders.

National social protection pilot program

Integration of instruments to address complex context could be done either through separate single-instrument programs that come together at local level, or through programs that adopt an integrated approach. Ad hoc uncoordinated and sometimes competing interventions are common in Malawi. Each one of these generally addresses one of the many needs of the target group leaving many (sometimes more pressing) needs. Evaluations have shown that they are often not effective in dealing with poverty even in the short-term. Kambewa quoted by the MPVA recommends

"There is a need to have a clear structure at district level that will coordinate safety nets programs to avoid having ad hoc type of programs which are likely to have little impact in isolation yet they have potential of having significant impact if they combine efforts" (GOM/WB (2006):214).

The case for integrated and synchronized interventions and programs

The key challenge here is institutional i.e. working in synchronized manners especially if programs are not implemented by a consortium or if they are financed by different donors or designed independently. District assemblies are not currently in a good position to negotiate for synchronization unless they are also involved in the design of the SP Program at district level. So far there is no talk of district-level design of safety nets or program design coordination. The need to use national level vulnerability assessment for equity sake and limited scope of involving district assemblies in the design of national level a SP Program makes the synchronization of interventions at community level rather remote. However, for a successful SP program, the involvement of district assemblies is crucial.

The MPVA argues for simple interventions in order to deal with administrative constraints (ref. GOM/WB 2006, World Bank 2003c). A number of not-so-simple interventions have also been implemented in Malawi on pilot basis. Evaluations of these indicate that effects of these interventions may be more sustainable at household level. However, the programs are relatively more expensive (but not as expensive if each component is implemented separately). In some cases, it is simply the use of extension services or civic educators or the linking of the participants to the market or financial services that make a difference. If well-designed, and after learning from projects like the I-Life, an integrated intervention is likely to be better suited for moving households out of poverty and into a sustainable, resilient and independent livelihood.

In conclusion, an alternative to an expanded cash pilot would be a pilot program with two or more coordinated activities in a number of districts. At district level a social protection committee would be established with membership from the district assemblies, local government officials and civil society (NGOs). There would also be technical support from national government (SPU, line ministries and MVAC). Supported by capacity building, this committee could design a program of activities under the social protection pillar in their district development plans (or outside of the district development plans if the timing did not
allow inclusion). Gradually, as capacity increases, districts could decide their own mix of social protection activities but these should meet the needs of each identified group. These programs could then be funded in various ways. At a national level, donors could contribute to a basket fund that is in part dispersed to the district level.

Each district could be monitored throughout the process by a national monitoring system, and, after a period, evidence from each district about the mix of instruments, coverage, implementation arrangements, and funding mechanisms would be collated to assess achievements and degree of uniformity across districts. This would help to identify best practice and to define a common but flexible national program, with large degree of involvement of the district level. On the negative side, this would be a long and complex pilot process and possibly carry higher administrative costs. It would require real commitment to decentralization on the part of the national government and longer-term funding from donors. The benefits though would be increased capacity at district level and the devolution of decision-making closer to communities themselves. At the same time, the program would yield a much greater understanding of the most appropriate mix of instruments and mechanisms than would be possible through a single-instrument pilot project. Such a program would include systems of participation and social accountability to foster civil society and community actor involvement at local level.
7. CHALLENGES FOR SP PROGRAM FORMULATION: CONCLUSIONS AND RECOMMENDATIONS

The stocktake has taken advantage of work already done and attempts to provide information to help move the agenda forward. The key conclusions and recommendations are as follows:

**Match better the range of social protection interventions with the poverty and vulnerability profile**

i) *The main message is that the current mix of interventions does not match up with the critical needs of the poor - both chronic/ultra poor and transient poor.* The following is a summary of the suggestions made on the mix of instruments gleaned from various works, including the assessment in the MPVA of efficiency and effectiveness of specific safety net instruments (see Box 6.1);

ii) *Public works programs should not necessarily target the chronically poor households but the poor and transient poor.* The wage rate should relate to their needs and should assist them graduate out of poverty faster to reduce the pool of households in SP. If public works programs are to benefit the poorest households, evidence suggests that they need to be longer-term programs to provide some income assurance for chronically poor households. Specific measures would be required to adapt public works to the needs and time constraints of women and female headed households;

iii) *Cash as a form of direct welfare transfer to both the ultra poor and the poor is likely to be most effective for social protection where there are functioning food markets.* However, most cash transfers thus far have been short-term emergency responses. The Mchinji pilot is still in its early stages and is presently being evaluated. We will soon know more about the impact on markets, prices, consumption and investment that result from cash transfers in Malawi. Wider external monitoring and evaluation of the Mchinji pilot is critical and was being planned at the time of the stocktake in November whilst internal M&E concentrated solely on operations, i.e. ‘on the monitoring of activities, outputs, costs and cost-effectiveness’ and not on impacts (Schubert 2006a);

iv) *Combining food and cash transfers using variable levels of transfers on the basis of food prices has proved successful in separate pilots in Malawi.* But the approach requires a lot of flexibility if food prices escalate over the lean period. Once a good mix of interventions is in place, including those that can stabilize grain prices even in the lean season, the variable cash transfer option may not be too expensive or problematic;

v) *A scaled up cash transfer system has the potential of attracting private sector participation, especially financial institutions/rural banks.* It is therefore imperative that the option of involving the financial sector in the design of the SP interventions be considered seriously;

vi) *Inputs subsidies have good objectives but are expensive due to leakages, on top of mistargeting.* The MPVA has an extensive discussion of pros and cons, and includes them in its list of a possible mix of interventions but highlights the need
to ensure that the current subsidy-voucher program be redesigned to address the
gap in coverage, as the current scheme omits cash-constrained small holders (see
Box 6.1). The monitoring and evaluation of the 2006-2007 season inputs voucher
scheme will provide more up-to-date data about the effectiveness and relative cost
of subsidies as part of social protection;

vii) School feeding has positive impacts, and deserves to be part of an education
policy. But its costs are comparable to primary education itself. As a social
protection instrument it is not well targeted, and there is little hard evidence about
its impact on nutrition. Therefore, the link between school feeding and social
protection might make more sense by viewing school feeding as a response to
specific covariate shocks (those felt by many households at the same time) and
individual household shocks (loss of parents) that affect school enrolment and
attendance;

viii) A nutritional program aimed towards mothers and children under 2 years, based
for example on the Honduras model, might be more effective as a social
protection program than school feeding;

ix) It makes little sense to argue that there are too many or too few different
interventions. It is more important that each intervention has defined a clear
target group. It is very difficult though to identify different target groups as they
are scattered through the poverty profile and geographically. Moreover, the
transient poor group is fluid judging from the MPVA, MVAC data and Sharma
(2005);

x) Targeting remains a key problem. More work is needed to minimize targeting
errors during geographic and beneficiary targeting. It is critical that targeting
considers the gender and age-specific issues of poverty, and choice of approaches.
There are likely to be both exclusion and inclusion errors in most programs.
Systems of targeting are being developed and adapted to local context (e.g.
Mchinji, Concern, Oxfam for cash transfer), even if lessons can also be drawn
from other countries;

xi) The politics of geographic targeting at district level could be dealt with by linking
the SPU, MVAC and district assemblies together more closely. Stakeholders
should be assured that all groups in poverty will be dealt with using appropriate
SP instruments. Both within district and between district, the pressure to include
non-deserving participants and exclude deserving participants can be minimized if
few community-derived and easily understood proxy indicators are used, and
selected participants are certified by the entire community before the transfer of
the benefits;

xii) Social protection has moved up on the policy agenda of government and donors.
At the time of the stocktake, whilst experience with cash was small and limited, it

38 The MPVA reports that school feeding cost USD15 per pupil, excluding the cost of the take-home pack given
to girls and double orphan boys compared to USD17.3 per child for primary education itself. WFP can provide
a nutritious breakfast to each child for a whole school year for USD9.40 per year per child, rising to
USD15/child/year for those girls and orphan boys who get the take-home ration as well. These costs include the
direct food transfer to the children, but also all the direct and indirect operational and support costs (transport,
GoM support, admin, etc).
was hugely influential in current dialogues about the new social protection program. There was, however, also considerable attention accorded to other safety nets instruments, reflecting recent evaluations of e.g. public works, targeted nutrition, school feeding programs, and fertilizer subsidies.

Identify a core set of social protection activities that are supplemented by economic, social and disaster management policies

A critical issue is to determine the scope of social protection goals and activities within the context of the national policy and program. Defining social protection is generally difficult, and is especially so in Malawi. As the inventory shows, social protection is defined in a plethora of ways by different actors through a wide range of projects. Make the scope of social protection too wide, it simply becomes an alternative term for ‘poverty reduction’ or ‘development’. Set the scope too narrowly and social protection equates to a very narrow set of instruments, and does not provide an adequate response to the various risks that different kinds of poor households face.

A long-term social protection program should prioritize core activities but should also consider interventions in the overlapping circles as complementary for the sake of meeting all the needs of the poor (ref. Fig 9). However, interventions in the overlapping circles should mostly be included as priorities in the mainstream economic and social policies and programs. In particular, it is recommended that ‘core social protection’ includes a modified targeted nutrition programs (perhaps along the lines of the Honduras model) – developed in relation to the Food Security Policy. Excluded from the core activities should be fertilizer subsidies, and possibly also school feeding (depending on its design and targeting). Market-based instruments like weather-based insurance and grain storage options may also be covered under sector policies, yet important risk management and disaster reduction measures need to find a proper institutional home. This also goes for the social function of ADMARC. Hence, these kinds of measures should probably be considered elsewhere in the greater MGDS other than core social protection. The more narrow scope proposed here is on the basis of political and fiscal sustainability, but also in consideration of the capacity of the institutional arrangement.

Move programming beyond safety nets to social protection

Whilst the MVAC and other analyses of vulnerability have been critical in demonstrating how vulnerable households are to impoverishment and how susceptible they are to shocks and stresses, it is clear that there are many households that are not vulnerable to further impoverishment because they are already very poor. The implication of this is that social protection should not be solely about preventing people from sliding (deeper) into poverty (a safety nets approach) and helping them recover from shocks, it must also be able to address the chronic poverty by supporting the consumption needs of the chronically poor and destitute.

At the same time it is necessary to ask whether social protection should only enable households to meet their consumption needs, or whether it should enable them to move out of poverty. Devereux and Macauslan (2006) refer to this issue as the need to identify whether

39 The analysis of the institutional arrangements for delivering social protection highlights some, though not all, of ways in which politics permeates social protection programming. We hope that differentiating between core social protection and wider economic and social policies will help to get a commitment to a long-term core program and thereby reduce the scope of social protection to become a political tool.
the objective of social protection is to alleviate poverty or to reduce it. Many of the activities that are described as social protection by stakeholders in Malawi have been implemented as short-term and fairly ad hoc poverty alleviation responses – they have provided safety nets to households during times of stress or shock. These could be defined as emergency responses and considered as activities more associated with disaster management and response although they have formed a significant part of safety nets policies in Malawi in recent years.

### Box 7.2 Malawi social protection framework – guiding principles

1. **Leadership** – Strong national ownership and clear government leadership of an agreed National Social Protection Policy and Program should provide for the coordination and alignment of partners’ long-term support under a single strategic framework, with an effective voice for civil society.

2. **Evidence-based Social Protection** – Social Protection must be based on evidence and analysis of who needs what type of assistance, when (and for how long), where and why? It should be driven by needs, not by instruments; and should include an analysis of the cost-effectiveness of alternative interventions.

3. **Beneficiary preferences prioritized** – Civil society, in general, and beneficiaries, in particular, should be consulted and closely involved in the design, planning, and implementation of Social Protection interventions.

4. **Protection and promotion of secure livelihoods** – Social Protection should encompass provision for the very poorest, as well as protection and promotion of secure livelihoods that aim to help as many people as possible to graduate out of poverty and reduce their vulnerability to livelihood shocks.

5. **Tackling social exclusion and marginalization** – Social Protection should address social as well as economic vulnerabilities, by protecting disempowered groups such as vulnerable women and children, the disabled, and HIV/AIDS victims, against discrimination and exploitation.

6. **From reactive to predictable social support** – The Government and its partners should replace reactive and weakly coordinated short-term social support with timely, adequate, and predictable social support to the poorest and most vulnerable Malawians.

7. **Observance of constitutional rights** – Social Protection should promote the realization of related constitutional rights enshrined in Chapter IV of Malawi’s Constitution, including rights to development (Section 30), access to information (Section 37), and administrative justice (Section 43); it should be easy-to-understand, simple to administer, accessible in terms of procedures, methods of communication, and the attitudes of delivery personnel to beneficiaries in both rural and urban areas, and should incorporate effective procedures for handling grievances.

8. **Accountability and transparency** – Social Protection should be transparent, incorporating principles of accurate and timely dissemination of information; publicity of instances involving abuse of the system; disclosure of the contract terms and unit costs of non-governmental organizations (“NGOs”) or private agencies selected to administer social grants; and transparency in the procurement process for the provision of Social Protection services. Any targeting must be fair, and seen to be fair.

9. **Joint financial management and Monitoring & Evaluation guidelines** – Government agencies and development partners involved in Social Protection should commit (to the extent that it is practicable under the development partner organization’s charter and operational procedures), to a common set of financial management, audit, progress, and monitoring & evaluation reporting formats, consistent with national and international guidelines and indicators.

10. **Common funding** – Mechanisms should be put in place to ensure that Social Protection receives predictable and institutionalized funding, under Government control and sustainable over the long term.

---

This framework of guiding principles were prepared through a joint government-development partner process with DFID as lead agent and funder. This draft version includes a few minor changes the World Bank has proposed to the framework that was discussed in the National Steering Committee in April 2007.
Continue steps to institutionalize social protection through the technical and steering committees and the role of the SPU

i) The changing institutional structure of the Social Protection Unit and various committees has placed social protection firmly at the centre of the government’s development agenda;

ii) Social protection policy is cross-cutting and multi-sectoral and requires inputs from different line ministries but the secretariat for social protection should sit in a non-line ministry / department;

iii) Articulating the principles of social protection implementation should be a priority once other aspects of the social protection framework are in place;

iv) Capacity issues for social protection needs to be addressed both within the social protection unit, and at district level to enable effective service delivery;

v) Mechanisms for delivering social protection at district level need to be more clearly articulated, and effective monitoring and evaluation systems developed;

vi) There is a need to find ways of addressing / managing the politics of social protection, rather than ignoring them.

Current efforts to harmonize and better coordinate social protection in Malawi are on the right track and largely agreed by stakeholders

The findings of the stocktake also provide robust support for the principles of coordination laid out in the Malawi Social Protection Framework (Box 7.2).

Challenges and ways forward for social protection

i) The move of the safety nets unit to become the Social Protection Unit – first in OPC and now in MEPD - is a critical way forward in ensuring clear government leadership of social protection. The predominance of government stakeholders in the steering and technical committees, with additional members from the donor community and civil society have the potential to provide better coordination and alignment of partners’ long-term support;

ii) The findings emerging from this stocktake are strong evidence of the importance of developing a more coherent national policy and program for social protection. Current range of activities and projectized approaches are costly, yet uncoordinated and projectized and inefficient. Disparities in regional and district coverage, coupled with overlapping targeting systems and different policies regarding benefit

41 It is not suggested that the activities of individual stakeholders are not well-planned (for example, it would be unfair to make that claim about the former safety nets unit programming for safety nets) but when all activities (of Government, donors and NGOs) are put together they appear ad hoc and uncoordinated – in coverage, targeting, and implementation.
rates all make for a system that does not match the poverty profile and the needs of different vulnerable people. It results in competing and replicated efforts;

iii) The difficulties faced in deriving evidence for the stocktake demonstrate the importance of ensuring that decisions about social protection are based on evidence. The stocktake has been able to show that the current range of safety nets does not adequately match up with the needs of different households. The new social protection policy and program is an opportunity to change this. Similarly, the stocktake also demonstrates the need for a synchronized, coordinated and effective set of M&E systems and reporting requirements that enable transparency and accountability in the social protection program;

iv) Concerns that are widespread in Malawi about the focus on emergency relief for dealing with chronic problems are well founded. A large proportion of expenditure on social protection is addressing long-term poverty and vulnerability with emergency resources. This means that social protection is focused more on ensuring consumption than on longer-term asset building. There is a need to ensure that future social protection programming is more predictable and developmental and that emergency or disaster responses are built on top of social protection programming, rather than the other way around;

v) The ways in which the voices of beneficiaries are represented in the social protection programming process need to be clarified and articulated more clearly. At this stage, the current mechanism (NGO membership of committees) does not yet appear to be working and this mechanism is disputed by district assemblies;

vi) A long-term commitment is essential for turning the ad hoc safety nets projects into the needed social protection program. Stakeholders agree that long-term commitment is conditional on a credible social protection program emanating from a shared SP policy and framework. Government’s long-term funding commitment is conditional to a social protection program that attracts other stakeholders, especially donors. Donors, on the other hand, would commit long-term funding once Government commits long-term funding of a social protection program. NGOs also would welcome long-term funding for social protection projects;

vii) There is a need for the government, through the policy design process, to determine how broad the scope of social protection should be, and how far up the poverty profile they want different kinds of instruments to reach. In this regard, a decision should be taken on whether households that are labor scarce generally are poorer or not, and whether cash transfer can work across groups (labor scarce or not);

viii) Key challenges are to determine the more precise mix of instruments (adjusted to the poverty and vulnerability profile), what funding levels of government and donors would be affordable and appropriate, what trade offs are involved between investment in social protection versus investments in other related sectors, and what implications the new program would have for different development partners;

ix) Finally, poverty and vulnerability have clear gender and generational dimensions, for example, female headed households are more prevalent among the ultra poor and destitute; young women are more susceptible to HIV/AIDS and risks of falling
into destitution. Hence social protection policies need to be build on gender and age-disaggregated evidence, and be sensitive to gender inequalities.
References


Milner and Tsoka 2005: Targeting the Poorest of the Poor for Insecticide Treated Nets in Understanding Health and Education – Social Scientists perspectives


Schubert, B. 2006b: Designing a pilot social cash transfer scheme for Malawi: Third and Final Report 1 August to 15 September 2006 Report on a consultancy for the Malawi Social Protection Steering Committee financed by UNICEF.42


World Bank 2003: Targeted Transfers in Poor Countries: Revisiting Trade-Offs and Policy Options, Social Safety Nets Primer Notes No. 13, World Bank


---

42 There are four reports in total but only those referenced in the text have been listed here.
Appendix 1. Types of poor households

The following household typology draws upon the Malawi Poverty and Vulnerability Assessment, and represents potential target groups for different social protection approaches. The typology may be utilized for policy formulation purposes (GOM/World Bank 2006).43

**Ultra-poor households (including destitute)** are usually larger than average households and with higher dependency ratio, and characterized by a lack of assets, especially limited landholdings (land per capita). Many households are affected by or vulnerable to chronic illness, often the result of HIV/AIDS, and a few are de facto or de jure child-headed households.44 Others are female-headed households, often elderly women, with many dependents. Ultra poverty also comes more frequently with low education of head of household, low degree of diversification or formal employment/wage salary, and less involvement in tobacco farming. In these cases the main need of the household is to ensure consumption – particularly to ensure household entitlements to food – and this, alongside maintaining investments in human capital, should be one of the main objectives of social protection for this group. A second priority is protecting asset status. Direct transfers and inputs programs are core instruments. Households with labor could benefit from public works but it is critical to ensure that the level of payment and the work requirements do not become a tax on the ultra-poor that prevents them investing in their own assets and livelihoods activities. The timing of public works is also critical. This group is heavily dependent on agriculture as the main source of livelihood, and subsequently there is greatest variation in labor requirements at different times of the year. It is important that public works activities do not compete with the peak of agricultural activities, even if this corresponds directly with their hungry months. If public works are not productivity-enhancing – i.e. they are poorly timed and compete with household activities, they create assets that are of limited use to the community or that cannot be maintained – then it is certainly better to give transfers without labor requirements.

Within the ultra-poor group is a sub-group of households that can be categorized as **destitute**. These are ultra-poor households that have the least assets and land (per capita), have no labor and / or high dependency ratios, for example due to chronic illness. Poor female headed households and elderly and child headed households would be more frequent in this category. For these households, the likelihood of graduation from social protection support out of poverty is least likely. The numbers of destitute households is not clear but they are a clearly a category that are high on the agenda for social protection.

**Poor households or moderately poor households** are households that fall above the ultra-poverty line, but are below the poverty line. They have some assets (land and labor) but are exceedingly vulnerable to further impoverishment. These households are also heavily dependent on agriculture (or fishing) and are net consumers of food. They enter the market for food when the price is highest, and sell when the price is lowest. Food production shocks

---

43 These categories are not necessarily clearly distinguishable as discrete household “types” on the ground, and may “mask” specific groups. For example regarding a distinction between chronic and transient poor, Devereux argues that households that are most vulnerable to shocks are those who are already poor, who face total destitution when the next drought or shock comes along. Households above the poverty line may face the same shocks but be better placed to resist these – their incomes and assets buffers are more resilient – which is why they “churn” around the poverty line. Those likely to be most at risk are those facing “composite food insecurity” i.e. chronically poor who are also exposed to livelihood shocks (Devereux, pers. message, 2007).

44 According to IHS2, there are very few child-headed households in Malawi but the few are among the very poorest households.
resulting from drought or lack of inputs, and subsequent volatility in the price of staple foods are the major shock faced by poor households. Children in these households may register for school but their attendance rates are poor. Child malnutrition remains a significant problem. The vulnerability of this group of poor households is increasing due to HIV/AIDS and other chronic illness. This leaves households with little resilience to shocks so that even small shocks, such as very slight variations in rainfall, can have serious long-term impacts on the well-being of the household. This makes poor households risk averse. The objective of social protection for this group should be enabling them to deal with shocks or mitigate the impact of risks. Examples include making fertilizer more affordable and, therefore, a less risky investment.

{

\textbf{Transient or at risk households:} Data from Malawi also show that we need to be concerned both about people who are already poor, but also about those that are above the poverty line but are likely to be adversely affected by shocks and stresses. A panel study tracking 291 rural households shows that many of them move in and out of poverty over time (Sharma et al 2002). Similarly, the MPVA suggests that transient poor households can be identified using characteristics highlighted in the determinants of poverty analysis, complemented by a measure of household’s exposure to shocks (GoM / World Bank 2006: xxiv). For these households – the transient poor – the objective of social protection should be mitigating the impact of shocks – for example through social insurance instruments and micro-finance.