



Government
of **Malawi**

Malawi Social Cash Transfer Programme Strategic Plan

2022 - 2027



Towards an inclusive, shock sensitive and
integrated Social Cash Transfer Programme



Foreword



The Malawi Social Cash Transfer Programme Strategic Plan (MSCTP) 2022 – 2027 represents the direction and commitments for Malawi in the area of social protection and poverty reduction. The Ministry is crucial because of its mandate which focuses on promoting gender equality and protection of the welfare of Malawian women, men, girls and boys to become self-reliant and active participants and beneficiaries of the national agenda. It is for this reason that the Ministry of Gender, Community Development and Social Welfare (MoGCDSW) is committed to improving the lives the poorest and most vulnerable citizens by ensuring their protection from the effects of ultra-poverty; promotion of their livelihoods; prevention of further deprivation because of livelihood shocks; and contribute human capital development. One of the key instruments for the achievement of this purpose is the Social Cash Transfers Programme (SCTP) which has demonstrated to be a reliable Social Protection vehicle for fighting against poverty and vulnerability of both the rural and urban vulnerable population since its inception in 2006.

The development of the SCTP strategic plan comes at the right time when Malawi embarks on fighting poverty and vulnerability in line with Malawi 2063 vision of an inclusively wealthy and self-reliant nation. The spirit of the SCTP Strategic Plan 2022 – 2027 also resonates with the intentions of the Malawi Government to increase the coverage for the SCTP to 15 percent. Further, the strategic plan aligns with Government's intention of building a resilient and sustainable social protection system through productivity-enhancing safety nets.

In the same vein, the Malawi Vision 2063 and the 10-Years' Implementation Plan (MIP-1) also call for the scaling up of social protection programmes that are catalytic and transformative in nature leading to resilient communities and enhanced social protection and support for all disadvantaged, marginalized, and vulnerable people. In addition, Malawi National Social Support Programme (MNSSP II) 2018-2023, emphasises the need for consumption support and shock sensitive social protection as key basic building blocks for resilience building. Similarly, the Covid-19 Socioeconomic Recovery Plan: 2021 – 2023 (SERP) calls for investment in social protection programs such as the SCTP to unlock economic growth and development.

It is upon this understanding, that the need for SCTP strategic plan cannot be over emphasised as it shall shape better programming and implementation of the intervention. A robust Strategic Plan for the SCTP is key addressing poverty, vulnerability and marginalisation arising from COVID-19 pandemic, a global increase in prices of basic commodities and extended periods of extreme weather and climate-related shocks. Through the strategic plan, the Ministry commits to work with all relevant stakeholders to create a resilient and economically strong Malawi, that protects our vulnerable and disadvantaged groups in a sustained manner.

■ **Hon. Dr Patricia Annie Kaliati**

Minister of Gender, Community Development and Social Welfare

Preface



The Malawi Social Cash Transfer Strategic Plan has been developed to contribute towards achieving the second Malawi National Social Support Policy (MNSSP II) through a sustainable and robust Social Cash Transfers Program (SCTP). As a result of broader stakeholder consultations, including non-state actors working in social protection, the strategy exists to drive how the SCTP, and various stakeholder-led transfers programs can be designed and implemented in line with the policy. The strategic plan highlights the government's objective to improve the delivery of the Social Cash Transfer Program over the next five years while illustrating its willingness to take ownership of the program and ensure its sustainability. The ultimate aim is to enhance the quality of life and wellbeing of Malawi's labor-constrained ultra-poor.

The Strategy is fully aligned with MNSSP II, the Constitution of Malawi, UN Universal Social Protection 2030, the UN Sustainable Development Goals, the first Malawi 2063 Implementation Plan (MIP), the National Resilience Strategy, and the overarching agenda 2063. These policies and strategies speak to the importance of social support in building resilience and uplifting the wellbeing of the ultra-poor, the marginalized and the vulnerable, and ensuring that poverty reduction gains are protected against shocks. The strategy shall strengthen the delivery of the SCTP to improve targeting for different categories of the poor and vulnerable and motivate improvements in domestic financing mechanisms. In addition, the Strategic Plan will anchor strong coordination and linkages among stakeholders and programs while harnessing the power of innovation and technology in the implementation of the SCTP countrywide.

Successful implementation of the Social Cash Transfer Strategic Plan will require political will, continued support from partners in the social protection sector, improvements to ICT infrastructure and human capital, and a conducive policy, legal and regulatory environment. The Ministry, therefore, urges stakeholders to design new programs and modify existing programs to align with the strategy. We look forward to furthering our work with development partners to improve the delivery of the Social Cash Transfer Program and achieve SGD1: to end poverty in all its forms, everywhere.

■ Roselyn Makhumula

Secretary for Gender, Community Development and Social Welfare

Acknowledgements

The Ministry of Gender, Community Development and Social Welfare (MoGCDSW) would like to express gratitude to various stakeholders who participated in developing the MSCTP strategic plan. It was a momentous task, but it was expertly executed. In particular, the Ministry is thankful to UNICEF for leading the coordination as well as the financial and technical support provided during the development of this strategy. A vote of thanks should also be extended to International Labour Organisation (ILO) who provided financial support during the development process. ILO also was also part of the Technical Reference Group that was charged with steering the formulation of the strategic plan.

A vote of thanks should also be extended to other key stakeholders who supported the strategic plan, including but not limited to the CGA Technologies, ID Insight, World Food Programme (WFP) and various development partners.

Further, the Ministry would like to thank other Government Ministries, Departments and Agencies (MDA) for their support in the process of developing this plan including the Poverty Reduction and Social Protection Division (PRSP) in the Ministry of Finance and Economic Affairs (MoFEA), Ministry of Agriculture, Ministry of Education, the Department of Disaster Management Affairs (DODMA), the National Local Government Finance Committee (NLGFC) and the district councils for their valuable inputs to key reforms of the strategy.

Lastly, the Ministry would like to extend its appreciation to the Social Protection Development Group (SPDG) that are supporting the MSCTP namely the German Government and European Union Delegation to Malawi through the Kreditanstalt für Wiederaufbau (KfW), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), World Bank, and the Government of Ireland who were a key constituency in shaping both the process and the outcomes that have led to the development of this strategic plan.

■ **Laurent Kansinjiro**

Deputy Director for Social Welfare (Social Cash Transfer Programme)

Acronyms

API	Application Programming Interface
COVID-19	Coronavirus 2019
CUCI	COVID-19 Urban Cash Intervention
DODMA	Department of Disaster Management Affairs
EU	European Union
GoM	Government of Malawi
GRM	Grievance redress mechanism
L&R	Linkage and referral
M&E	Monitoring and evaluation
MEAL	Monitoring, evaluation, accountability and learning
MIS	Management information system
MNSSP II	The second Malawi National Social Support Programme
MoFEA	Ministry of Finance and Economic Affairs
MoGCDSW	Ministry of Gender, Community Development and Social Welfare
MoU	Memorandum of Understanding
MW2063	Malawi 2063
NGO	Non-governmental organisation
PMT	Proxy means test
PRSP	Poverty Reduction and Social Protection Division
SCTP	Social Cash Transfer Programme
SSF	Social Support Fund
SSSP	Shock-sensitive social protection
SWOT	Strengths, weaknesses, opportunities and threats
TVET	Technical and vocational education and training
UBR	Unified beneficiary registry
UNICEF	United Nations Children's Fund
WFP	World Food Programme

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Executive Summary



The Malawi's Social Cash Transfer Program (SCTP), locally known as Mtukula Pakhomo, is a Government of Malawi unconditional cash transfer programme that currently reaches more than 303,000 households. It is a key programme within the Malawi National Social Support Programme (MNSSP II) 2018-2023, which is the national guiding strategy in the social protection sector. Through its focus on poor and vulnerable people, the SCTP contributes to the strong cross-cutting focus in Malawi 2063 (MW2063) on inclusivity.

The mission of the SCTP is, “to provide regular, adequate and timely cash transfers in a manner that preserves dignity, in order to protect the poorest and most vulnerable citizens from the effects of ultra-poverty, promote their livelihoods, prevent further deprivation as a result of livelihood shocks, and contribute to human capital development”.

The SCTP envisages short, medium and longer-term outcomes. In the short-term it aims to address households' consumption needs and cushion them from shocks; in the medium term it seeks to contribute to building resilient livelihoods. In the longer-term, through human capital promotion of children in beneficiary households, it aims to arrest the intergenerational transmission of poverty.

A robust independent impact evaluation found strong evidence that the SCTP ensures food security and reduces poverty. Furthermore, the SCTP has productive impacts, evidenced through increases in ownership of livestock and agricultural implements and in quantity of crops harvested amongst beneficiary households; and human capital impacts, seen in improvements in regular school attendance of children and a reduced occurrence of illness amongst adults¹.

On the other hand, challenges remain: many ultra-poor households remain without social protection support; despite efforts to build shock-sensitivity, SCTP is not yet fully sensitive to the lifecycle, climate-related and other risks faced by households; the value of transfers is eroded over time by inflation; various weaknesses in delivery systems reduce the impact of the SCTP below its potential; and limited Government financing undermines the sustainability of the programme.

Within the next five years, the SCTP will:

1) Increase the proportion of ultra-poor households who receive social protection support. Specifically, by 2027:

- The overall coverage of the SCTP will be increased to 15 percent of all households in the country;
- Geographical targeting will be improved to better align coverage with district ultra-poverty rates; and
- A new urban cash transfer programme will be launched.

2) Improve the sensitivity of the programme to vulnerabilities across the lifecycle, predictable seasonal deprivations, and unanticipated climate-related and other shocks. Specifically:

- There will be a shift from the current targeting of ultra-poor labour-constrained households to targeting ultra-poor households that have one or more members of specific vulnerable categories;

- In districts that face regular seasonal food security crises, contingency financing mechanisms will be established; and
- In line with the Government of Malawi (GoM) shock-sensitive forthcoming social protection visioning process, common approaches to expanding SCTP vertically and horizontally will be developed.

3) Ensure the adequacy of transfers to not only cover immediate consumption needs, but also promote resilient livelihoods and enable investments in human capital. Specifically:

- A mechanism for regular adjustment of transfers will be instituted to account for inflation and ensure the real value of transfers is maintained; and
- Improved mechanisms will be developed to enable beneficiary households to access complementary services.

4) Strengthen delivery systems for effective realisation of programme objectives. Specifically:

- The Government-endorsed harmonised solution will be rolled out to replace current manual cash payments;
- Targeting methodologies and tools will be refined;
- Accountability to beneficiaries and communities (social accountability) will be strengthened;
- A harmonised exit strategy will be developed to promote the resilience of previous beneficiaries and mitigate the risk that they fall quickly back into ultra-poverty after exit; and
- The management information system (MIS), monitoring and finance systems will be updated and strengthened.

5) Increase financing and capacities to ensure effective, sustainable and harmonised delivery. Specifically:

- Political and public support for cash transfers will be promoted through effective communications;
- Overall, financing of the SCTP (from all sources) will be increased in order to meet the increased coverage target;
- Government contribution to the SCTP financing will be increased to 15 percent;
- The Ministry of Gender Community Development and Social Welfare (MoGCDSW) will contribute to the establishment of a pooled funding arrangement for social support to enable more harmonised delivery of the SCTP; and
- Capacity of the institutions implementing the programme will be enhanced.

¹ Brugh et al, 2018

Introduction

1



1.1 THE SCTP AND ITS EVOLUTION

The Malawi Social Cash Transfer Programme (SCTP), locally known as Mtukula Pakhomo, is a Government of Malawi unconditional cash transfer programme. Its overall objective has been to reduce poverty and vulnerability and enhance resilience of ultra-poor and labour-constrained households, through payment of regular unconditional cash transfers, though the priority target groups are now being reviewed. Specifically, the programme seeks to improve food and nutrition security, health and well-being, and to increase school enrolment, attendance, progression, and retention.

The SCTP now reaches more than 303,000 households. The programme started as a pilot project in Mchinji district in 2006, evolving into a full-fledged programme and expanding to all 28 districts by 2018. The programme is managed by the Ministry of Gender, Community Development and Social Welfare (MoGCDSW), with the Ministry of Finance and Economic Affairs (MoFEA) Poverty Reduction and Social Protection Division (PRSP) providing policy oversight and coordination. It receives substantial financial and technical support from development partners who fund transfers for specific districts: the German Government through KfW, 7 districts; the European Union (EU), 7 districts; Irish Aid, 2 districts; and the World Bank, 11 districts. UNICEF and other partners focus on technical assistance. The Government of Malawi currently finances transfers in one district, as well as some staff and office costs, amounting to approximately 5.5 percent of total programme costs.

The SCTP responds to a context of high poverty and ultra-poverty in Malawi and high vulnerability to shocks. In Malawi, as of 2019/20, about 50.7 percent of the population live below the national poverty line and 20.5 percent in ultra-poverty (NSO, 2021). While poverty remains largely a rural phenomenon (56.6 percent of rural dwellers live in poverty), it has increased amongst urban dwellers in recent years, such that currently 19.2 percent of the urban population lives in poverty. Poverty is higher than average amongst female-headed households (56.8 percent); and the level of poverty increases with the size of the household, such that the rate of poverty at 60.6 percent for households with more than five members (NSO, 2021). Malawi is also highly prone to climate-related shocks, including dry spells and floods, and at least 1.7 million people require lean season assistance every year (Longhurst and Sabates-Wheeler, 2019).

1.2 CONTRIBUTION TO NATIONAL STRATEGIC GOALS AND LINKAGES WITH RELEVANT POLICIES, STRATEGIES AND PLANS

The SCTP makes a key contribution to the Malawi National Social Support Programme (MNSSP II 2018-2023), which is the national guiding strategy for the social protection sector. The MNSSP II has five pillars: three programmatic ones, which are consumption support, resilient livelihoods, and shock-sensitive social protection, as well as pillars on linkages and systems strengthening. The SCTP is one of the key programmes contributing to the realisation of MNSSP II objectives and its main role has been to provide consumption support and build the resilience of ultra-poor labour-constrained households. Shock-sensitive social protection incorporates both prevention and response elements and the SCTP contributes to both: through regular cash transfers it enables households to accumulate savings and assets and thus better manage risks and cope with moderate shocks; and it contributes to providing timely assistance when shocks overwhelm them. The SCTP has launched and implemented several pilot initiatives to scale the programme both vertically and horizontally in response to recurrent slow onset shocks, particularly during the lean season; and it has supported recovery following floods and other events impacting livelihoods, for example Cyclone Idai and the COVID-19 pandemic.

The SCTP contributes in important ways to the new national vision called Malawi 2063 (MW2063). Through its focus on the poorest and most vulnerable citizens, the SCTP contributes to the strong MW2063 cross-cutting focus on inclusiveness. It also aligns with the specific MW2063 commitment that, "We shall improve the shock-sensitivity of the social protection system for the poor, marginalized and vulnerable groups by stimulating their ability to prepare for, cope with and adapt to shocks". The SCTP contributes to the first ten-year implementation plan of MW2063, the "MIP1", especially its commitment to "scale-up social protection programs that are catalytic and transformative in nature leading to resilient communities" and to "provide catalytic and transformative social cash transfer to the elderly, orphans and persons with disability".

The SCTP also contributes to the Sustainable Development Goals (SDGs), including, in particular SDG1 Target 1.3, which is “to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable”; and Target 1.5, which is “by 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters”.

1.3 KEY ACHIEVEMENTS OF THE SCTP TO DATE

The SCTP has proven to ensure food security, reduce ultra-poverty, enable households to earn income and build their livelihoods, to promote school attendance and improve health. A robust independent impact evaluation² found strong evidence that the SCTP achieved its primary objectives of ensuring food security and reducing poverty amongst ultra-poor labour constrained households. Furthermore, households invested some of their transfers in productive assets: the SCTP led to increases in ownership of livestock and agricultural implements, as well as in the quantity of crops harvested. As a result of households’ ability to use the transfers to earn income, there was an economic multiplier effect of the programme: each MK1 of transfer received led to MK1.69 of extra spending for beneficiary households. Since these households spend their extra income locally, there are also wider benefits for the rural economy and other households in the vicinity. This is in line with the focus of MW2063 on inclusive wealth creation and self-reliance. Furthermore, beneficiary households invested in human capital, another key focus area of MW2063; the SCTP has led to improvements in regular school attendance of children and to a reduced occurrence of illness amongst adults.

National and global evidence shows social cash transfers to be the bedrock of the social protection system. All successful social protection systems have regular, timely predictable cash transfers as the foundational element of the system, because transfers enable households to smooth consumption, manage risk and to have the cash available for savings and investment in productive and human capital. Other social protection instruments can then be layered on top of transfers to further enhance productive and human capital

impacts, but without the bedrock of cash transfers, these other instruments tend to have less value by themselves. These other instruments include public works, village savings and loans schemes, asset transfers, financial literacy training and business advice, and social services.

1.4 STAKEHOLDER PERSPECTIVES AND DEVELOPMENT OF THIS STRATEGIC PLAN

The development of this Strategic Plan has been a highly participatory process. It started with an early draft in 2020, on which there were several rounds of consultation with all key stakeholders in the sector. All comments on earlier drafts were captured and taken into account in the development of a revised draft in 2021, which was updated with new information, and then reviewed again in a stakeholder workshop in 2022.

Stakeholders value the SCTP, though there are some concerns and misconceptions about the programme. Comprehensive SWOT analyses were undertaken as part of the development of this strategic plan and full findings of the latest of these are presented in Annex 1. Key findings were that stakeholders value the national coverage of the SCTP, its ability to attract diverse and consistent sources of financing and the relatively strong systems that underpin it, including the computerised MIS. On the other hand, stakeholders are concerned about the donor dependency of the programme, its still limited coverage (10 percent by design) in relation to the 20.5 percent of people living in ultra-poverty in the country, and fairly low transfer levels. They also see scope to further strengthen systems, including targeting, payments, claims, complaints, monitoring and evaluation (M&E) and shock-sensitivity. There are also quite widespread misconceptions about the programme: some mistakenly perceive the programme as a handout and believe that it fosters dependency. This belief is in direct contradiction to the evaluation findings outlined above and suggests scope to improve communications about the SCTP and its impacts. Furthermore, there is a tendency amongst community leadership to exclude SCTP beneficiaries from access to other programmes for which they are eligible, due to a perception that everyone is poor and that benefits from available programmes should, thus, be spread around.

² MoGCDSW and University of North Carolina, 2016

1.5 STRATEGIC ISSUES

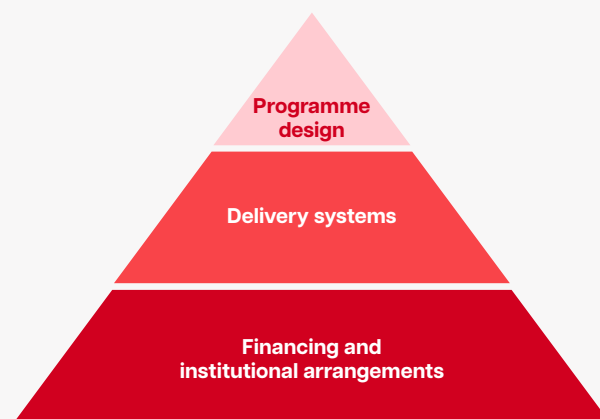
Despite the impressive performance of the SCTP, there is scope to further strengthen the programme going forward.

Cash transfers are the key cost driver of the SCTP and key strategic questions in relation to their **design** and **delivery** include the following:

- how many and what proportion of households will benefit (coverage)?
- how will beneficiaries be selected (targeting)?
- how much will they receive (transfer levels);
- how will they receive extra support in case of an emergency (shock-sensitivity)?
- how will they be enabled to access other relevant services (complementary services)?
- how will they be paid (payment system)? and
- when and how will they be removed from the programme (exit)?

The SCTP can be understood as comprising three levels; programme design features; delivery systems to operationalise the programme; and financing and institutional arrangements to underpin the programme.

■ **FIGURE 1: SCTP programme – 3 levels**



Analysis of current programme design is set out in sub-section 1.5.1 below, analysis of delivery systems is in Sub-section 1.5.2 and financing and institutional issues are addressed in Sub-section 1.5.3.

1.5.1 ANALYSIS OF PROGRAMME DESIGN

Coverage

The SCTP has scaled up to nationwide coverage, but still many ultra-poor households lack social support. The SCTP currently covers 10 percent of households by design, whereas 20.5 percent of the population are living in ultra-poverty (including both labour constrained and labour endowed households). In the absence of other instruments operating at scale, this means that many ultra-poor households are excluded from social protection. Furthermore, a further 30.2 percent of the population are living below the general poverty line (though not in ultra-poverty) and are vulnerable to be plunged deeper into poverty in the case of shocks.

Geographical targeting

Unlike in many similar programmes in the region, there is no geographical targeting of the SCTP. A fixed 10 percent of households are targeted in all districts, even though the ultra-poverty rate varies from a low of less than 3 percent in Rumphi to 34 percent in Mchinji (see Figure 2). This is inequitable as it means that many SCTP beneficiary households in Rumphi are inevitably not ultra-poor, whereas in Mchinji less than one-third of ultra-poor households can be covered (even assuming perfect targeting). These targeting anomalies also mean that the programme's impact on the reduction of ultra-poverty will be muted, since a household cannot be moved out of ultra-poverty if it was not in ultra-poverty at the outset.

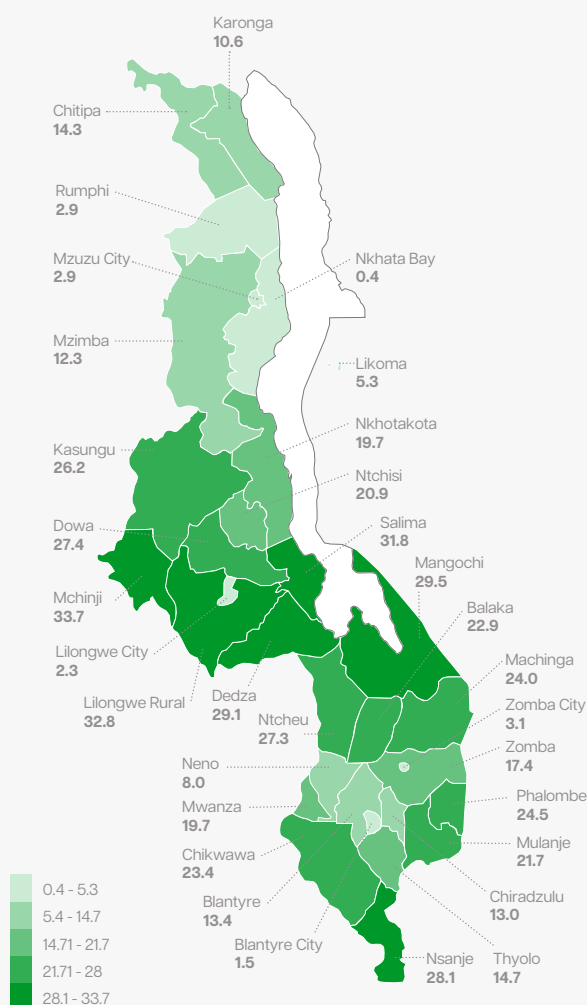
Target Groups

The focus on ultra-poor labour-constrained households has some shortcomings as a targeting approach. The distinction between households with and without labour is blurred, even more so due to the fact that household composition changes over time. Furthermore, whilst the category of "labour-constrained household" in practice captures many vulnerable categories - older people, people with disabilities and adolescents, in particular, are well represented amongst beneficiary households - it has various shortcomings. For example, as can be seen in Figure 3, young children are substantially under-represented in SCTP beneficiary households, compared to their likelihood to be living in ultra-poverty (Handa et al, 2020); and the complexity of the definition of labour-constrained household inhibits targeting transparency. MoGCDSW proposes to move towards a simpler approach by targeting ultra-poor households with one or more members in specific categories, including (in no priority order) young children, older people or people with disabilities (and possibly also people with chronic illnesses³). These categories are clearer and more acceptable to community members. They would also make the transfer across of older people to the proposed old age pension, in due course, much simpler.

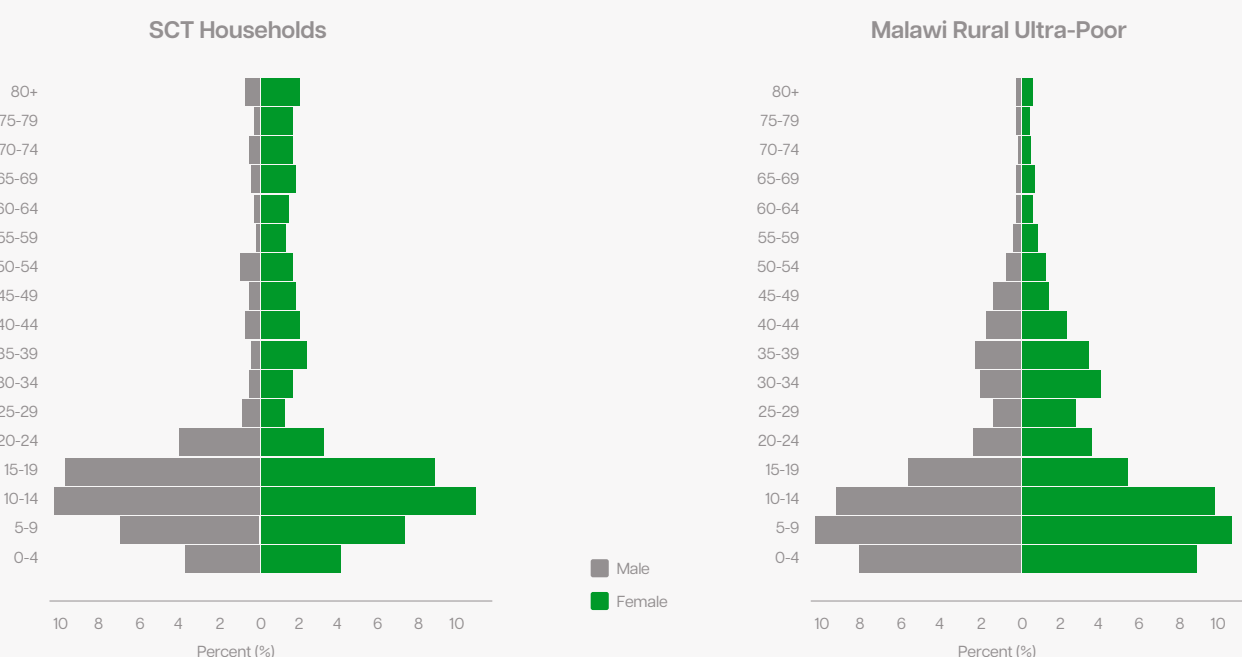
Shock-sensitivity

Based on multiple studies and pilots, agreed approaches to leveraging SCTP systems to respond to shocks are under development. Malawi is highly vulnerable to climate-related shocks and between 2010 and 2019, an average of 10 percent of the population received emergency assistance every year (WFP and UNICEF, 2021). Several pilots have been undertaken to test

FIGURE 2: Ultra-Poverty Incidence by District (2019/20)



³ Whilst chronic illness is identified as an important vulnerability, there are some technical challenges in reliably identifying people in this category and discussions are ongoing on its feasibility.

FIGURE 3: Age and Sex Composition of SCTP Households versus IHS4 Rural Ultra-Poor

Source: MoGCDSW, University of North Carolina and Malawi's Center for Social Research (2020), "The Impact of the SCTP on lifecycle vulnerabilities" (<https://www.unicef.org/malawi/reports/addressing-lifecycle-vulnerabilities-beneficiaries-malawi-social-cash-transfer-programme>)

the capacity of the country's social protection system to deliver emergency assistance, with so-called 'automatic inclusions', 'vertical expansions' and 'horizontal expansions' tested in recent years. There is, thus, a rich evidence base already available. A joint Ministry of Finance and Economic Affairs (MoFEA), Department of Disaster Management Affairs (DODMA) and MoGCDSW visioning process is due to take place in 2022 and is expected to inform the preparation of clear implementation guidelines for shock-sensitive social protection (SSSP).

In Malawi, food insecurity and other dimensions of well-being are highly seasonal, but transfer levels do not vary to reflect this.

Seasonal food price changes mean that food insecurity rises in the lean season peaking at 60 percent around February (the end of the growing season), before falling in April (the harvest season). Acute malnutrition and child mortality are also higher in the lean season⁴. Transfer values are currently fixed at the same level year-round but could feasibly be adjusted to account for increased seasonal needs.

Benefit levels

Despite a recent ad hoc increase, there is no systematic arrangement for adjusting the level of transfers for inflation and so their value risks being repeatedly eroded. Global evidence shows that the extent to which cash transfers contribute to building

resilient livelihoods depends on their level; higher transfers have greater productive impacts. In 2016, on average, SCTP transfers represented 20 percent of baseline consumption of beneficiary households, which is broadly in line with the global average for social assistance programmes⁵ (though much lower than humanitarian programmes, which are based on a Minimum Expenditure Basket). The real value of transfers then eroded over 5 years until 2021, due to the lack of an in-built mechanism to regularly adjust for annual inflation, which is high (over the past two years national inflation was 12.6 percent and rural inflation was 10.6 percent⁶). An ad hoc increase was recently made to account for inflation and, as of 2021, the average monthly transfer value is MK9,000 (US\$12).

Access to complementary services

Impacts of the SCTP on resilient livelihoods and human capital could be further enhanced by enabling households to access complementary services, but linkage and referral mechanisms have proven challenging to implement in practice. An approach that focused on linking and referring households to existing services was piloted, but met limited success, because access constraints were found to mainly relate to supply side deficiencies⁷. This implies

⁵ World Bank, 2018, p 53.

⁶ NSO, 2021, http://www.nsomalawi.mw/index.php?option=com_content&view=article&id=186:malawi-consumer-price-indices-dashboard&catid=3&Itemid=37 accessed on 14th March 2022.

⁷ UNICEF, 2019

⁴ Hopper et al, 2020

that improving SCTP beneficiaries' access to services requires additional financing of these services from one source or another, which is in line with international evidence. Other pilots are currently underway that link SCTP beneficiaries to a range of livelihood services, financed by partners, with the aim of promoting their graduation from poverty; and there is a commitment to finance a standard basic package of services across the SCTP, with a view to making incremental improvements in households' livelihoods and resilience. This package might include such things as awareness-raising on health, nutrition and education, and encouragement to join savings groups; and it will be important to ground its design in an understanding of beneficiaries' priorities, their existing service access and the real access constraints they face.

1.5.2 ANALYSIS OF DELIVERY SYSTEMS

Payments

A harmonized e-payment solution has been designed by PRSP which will enable beneficiaries multiple cash access points and the use of all available infrastructure in the digital ecosystem. Currently most payments are made manually. The new approach is in line with the Government of Malawi (GoM) Digitization Roadmap 2023, which places innovative digital payment mechanisms at the centre of the financial inclusion agenda. Electronic payments are better for beneficiaries because they are faster, more reliable and less prone to fraud and corruption. The mechanism is being tested and will subsequently be rolled out for all social protection payments, including SCTP, with any necessary modifications.

Targeting methodologies and tools

There is a need to update targeting tools to take account of the redefinition of target groups, as well as to address various anomalies in existing tools. For example, household size seems to be over-weighted in the proxy means test (PMT), such that even relatively rich very large households are included, whilst very small, very poor households are excluded⁸. The proposed shift to a primarily categorical approach, overlain with exclusion of the non-poor would require development of a new set of targeting tools, including a revised PMT.

⁸ MGCDWS, 2019, presentation

Social accountability

There are challenges regarding the timely resolution of claims and complaints raised by beneficiaries. The SCTP has a system in place to respond to both "claims" from beneficiaries of non-receipt of a transfer or receipt of an incorrect amount, and "complaints" about other service delivery issues. However, there are two main challenges in practice: delayed or absent resolution and feedback to claims and complaints; and the lack of channels that ensure privacy, security and confidentiality⁹. A Harmonised Grievance Redress Mechanism is proposed for all MNSSP II programmes and this will be an important addition. On the other hand, resolving programme-specific claims and complaints will remain the responsibility of the SCTP, so it will still be important for the SCTP to develop structured and timebound standard operating procedures for resolution. A complementary social accountability mechanism is also being piloted, which may help drive resolution.

Exit

Every four years, beneficiary households are re-certified and exited if they no longer meet the selection criteria, but there is no mechanism to mitigate the risk that they fall back into poverty. A study in Mchinji (Miller et al, 2008) showed that some households that were exited fell back into ultra-poverty after barely a year outside the programme. Some countries have strategies in place to mitigate these risks, for example by: setting higher thresholds for exit than entry to ensure that exited households have a minimum level of resilience; giving households many months prior warning of exit to enable preparations; and/or providing an exit package that includes linkages to other services. Whilst exit packages have been tested in some districts, the SCTP has no standardised exit mechanism, and this is a gap. That said, it is important to note that exit and graduation (sustainable movement out of poverty) are different and that even with a more effective exit strategy, exiting households will not necessarily graduate. For graduation, higher and more sustained investments in building resilience are required and, in any case, this is a realistic goal for only some households.

⁹ Tsoka and Fodya, 2018

1.5.3 ANALYSIS OF FINANCING AND INSTITUTIONAL ARRANGEMENTS

Communications

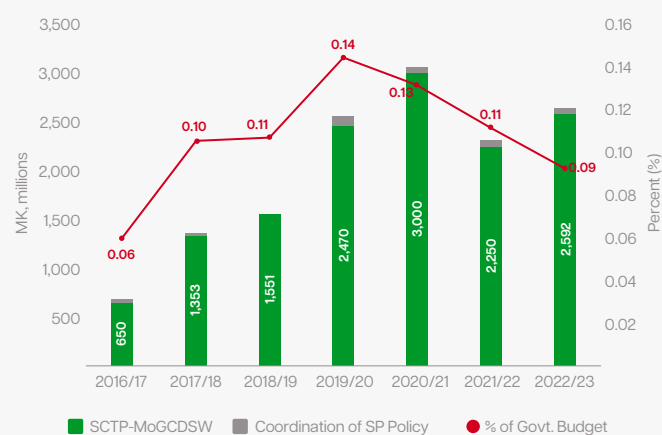
Despite solid evidence on how SCTP is helping to build productive and human capital of the poorest households, some misperceptions of the programme persist. The SCTP and its development partners have more work to do to build understanding of how SCTP contributes to national development goals and, therefore, why increased public financing of the programme would be a cost-effective investment.

Financing

Implementation of this plan will require both increased overall funding and an increased proportional contribution from Government to ensure ownership and sustainability. Currently only 0.11 percent of the national budget is devoted to social assistance in Malawi¹⁰ and this is anticipated to fall to 0.09 percent in 2022/23

(see Figure 4, draft budget for financial year 2022/23). The vast majority of financing of the SCTP comes from development partners, with Government contributing only 5.5 percent of the overall costs, which undermines national ownership and sustainability.

FIGURE 4: Evolution of SCTP Financing



Source: National Budget Data

¹⁰ UNICEF, 2022

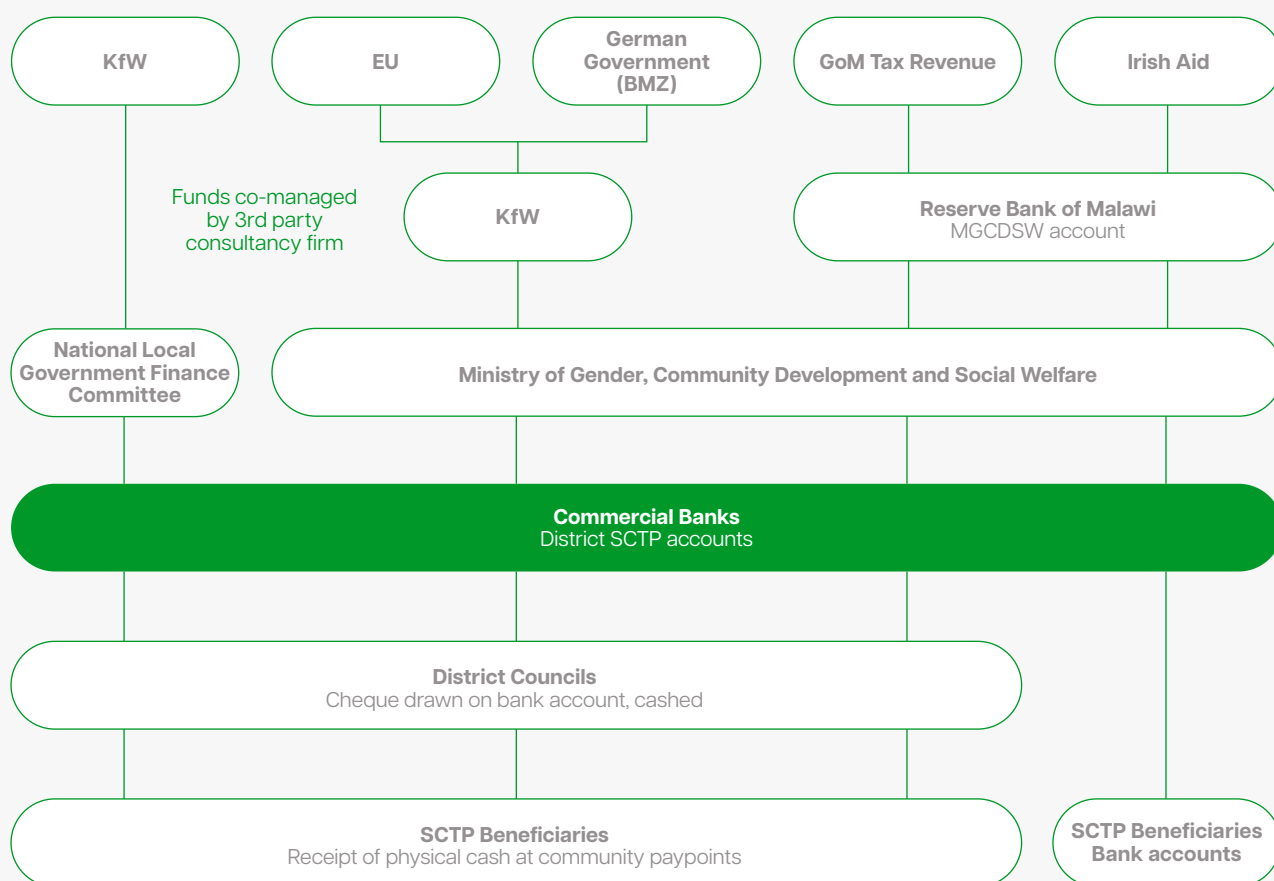
Harmonised institutional arrangements

Financing of the SCTP is atomised, which creates challenges for harmonised delivery, both in normal times and in response to shocks. Development partners each finance transfers in specific districts and their financing is routed through national systems in a variety of different ways, as indicated in Figure 5. This makes it difficult for Government to make strategic decisions for the programme as a whole, to rationally allocate resources between districts, or to flexibly direct financing to shock-affected districts, since this will have direct implications for partner budgets. It also adds to the administrative burden of Government in reporting to partners. Creation of a pooled Social Support Fund with an integrated contingency budget line is an important medium-term objective and work is underway on options for its operationalisation.

Capacities

A recent assessment identified substantial gaps in the capacities required for effective implementation of the plan at both leadership and technical levels, within national and decentralised structures. Human resource capacities require strengthening overall and also require updating in relation to the specific innovations highlighted in this plan, in order to take them forward effectively. The recently developed SCTP Capacity Building Plan sets out specific priorities.

FIGURE 5: Current Funding Flows



Strategic Direction

2



The vision and mission of the SCTP are as follows:

2.1 VISION

Enhanced quality of life and resilience for the poorest of the poor and others affected by shocks and lifecycle vulnerabilities.

2.2 MISSION

To provide regular, adequate and timely cash transfers in a manner that preserves dignity, in order to protect the poorest and most vulnerable citizens from the effects of ultra-poverty, promote their livelihoods, prevent further deprivation as a result of shocks, and contribute to human capital development.

2.3 GUIDING PRINCIPLES AND VALUES

The SCTP will be guided by the following core values:

- **The right to social protection:** SCTP promotes the progressive realisation of human rights, including the right to social support, as outlined in Chapter IV of the Constitution of the Republic of Malawi, the SDGs and the international treaties to which Malawi has signed up.
- **Priority for the poorest:** Malawi is committed to providing social protection for all when resources allow. In terms of sequencing the scale-up of this support, SCTP commits to prioritising the poorest and most vulnerable citizens.
- **Inclusivity:** The SCTP is inclusive of all citizens, including women and men, girls and boys, and people with disabilities.
- **Transparency and accountability:** The SCTP will be accountable to the citizens of Malawi and, in particular, to the communities that it serves and to its beneficiaries.
- **Integrity:** All actors implementing and supporting the SCTP commit to behaving with integrity and respecting the rights of the vulnerable citizens they serve.

- **National ownership and leadership:** Whilst many development partners and non-governmental organisations (NGOs) support the SCTP, this strategic plan is owned and led by Government.
- **Sustainability:** The SCTP aim will be designed, implemented and financed in a way that enables social protection of citizens of Malawi to be sustained and expanded over time.

2.4 GOALS

The SCTP seeks to contribute to reducing poverty and vulnerability among ultra-poor households, through regular unconditional cash transfers, with the objective of improving their lives and enhancing their resilience. The SCTP envisages short, medium and longer-term goals. In the short-term it aims to address households' consumption needs and protect them from shocks; in the medium term it seeks to contribute to building resilient livelihoods. In the longer-term, through human capital promotion of children in beneficiary households, it aims to arrest the intergenerational transmission of poverty.

Specifically, amongst ultra-poor households, the SCTP will contribute to:

- improved food security;
- increased school enrolment, attendance, progression, and retention;
- improved health, well-being and nutrition (including of young children);
- promotion of livelihoods and resilience to shocks.

Over the next five years, the SCTP will transition away from a sole focus on labour constrained households towards an approach that provides support throughout the lifecycle. In light of resource constraints, the transition will be progressive, and the poorest will still be prioritised in the first instance. Over the next five years, the SCTP also envisages becoming the backbone of the social protection system in Malawi, such that the systems and mechanisms initially developed for the SCTP can increasingly be leveraged on or expanded to provide support to vulnerable individuals in times of shocks, and to link them to relevant livelihoods and/or social support services.

2.5 STRATEGIC OUTCOMES AND TARGETS

Within the next five years, the SCTP will:

1) Increase the proportion of ultra-poor households who receive social protection support. Specifically, by 2027:

- The overall coverage of the SCTP will be increased to 15 percent of all households in the country, from a target of 10 percent currently;
- Geographical targeting will be improved to better align coverage with district ultra-poverty rates - up to 20 percent of households will be covered in the poorest districts, whilst in the least poor districts coverage will remain at 10 percent;
- A new urban cash transfer programme will be launched. Building on the COVID-19 Urban Cash Intervention (CUCI) experience, new urban schemes will be designed, tested and rolled out, which will include setting up or adapting needed systems.

2) Improve the sensitivity of the programme to vulnerabilities across the lifecycle, predictable seasonal deprivations, and unanticipated climate-related and other shocks. Specifically:

- There will be a shift from the current targeting of ultra-poor labour-constrained households to targeting ultra-poor households that have one or more members of specific categories (such as young children, elderly people, or people with disabilities and possibly also people with chronic illnesses¹¹), as part of a long-term shift towards comprehensive social protection throughout the life cycle in line with MNSSPII;
- In districts that face regular seasonal food security crises, contingency financing mechanisms will be established to ensure timely payment of a top-up to transfers (vertical expansion), paid just before and during the lean season, in order to take account of predictable seasonal price increases and heightened vulnerability; and

- In line with the GoM shock-sensitive social protection Visioning Process, in relation to a range of covariate shocks (slow onset, rapid onset, climate-related and other) common approaches to expanding SCTP vertically and horizontally will be developed, which clearly specify triggers, targeting approaches, mechanisms to establish transfer levels, implementation arrangements and sources of financing.

3) Ensure the adequacy of transfers to not only cover immediate consumption needs, but also promote resilient livelihoods and enable investments in human capital. Specifically:

- A mechanism for regular adjustment of transfers will be instituted to account for inflation and ensure the real value of transfers is maintained; and
- Improved mechanisms will be developed to enable households to access complementary services, in order to enhance the resilience building impacts of cash transfers and to build human capital.

4) Strengthen delivery systems for effective realisation of programme objectives. Specifically:

- The Government-endorsed harmonised solution will be rolled out to replace current manual cash payments, in order to improve reliability, transparency, efficiency and to promote financial inclusion of beneficiaries;
- Targeting methodologies and tools will be refined to more accurately identify members of the target group, and to improve transparency and community buy-in;
- Accountability to beneficiaries and communities (social accountability) will be strengthened, by improving the SCTP claims and complaints mechanism, with clear linkages to the harmonised social protection grievance redress mechanism (GRM) and other accountability mechanisms;
- A harmonised exit strategy will be developed to promote the resilience of previous beneficiaries who are exited from the programme and to mitigate the risk that they fall quickly back into ultra-poverty; and

¹¹ Chronic illness has been identified as a key vulnerability, though there are technical challenges of including it as a targeting criterion and this is still under discussion.

- The MIS, monitoring and finance systems will be updated and strengthened to underpin the above-mentioned improvements and ensure that the revised programme design is effectively delivered.

5) Increase financing and capacities to ensure effective, sustainable and harmonised delivery. Specifically:

- Political and public support for cash transfers will be promoted through effective communications about their contribution to national policy goals;
- Overall, financing of the SCTP (from all sources) will be increased in order to meet the increased coverage, adjusted for population increase and inflation;
- Government contribution to the SCTP financing will be increased to 15 percent;
- The MoGCDSW will contribute to the establishment of a pooled funding arrangement for social support to enable more harmonised and efficient delivery of the SCTP and its expansions; and
- Capacity of the institutions implementing the programme will be enhanced to improve programme delivery.

Key Results Areas: Programme Design

3



This chapter covers programme design features, whilst chapter 4 addresses delivery systems, and chapter 5 focuses on financing and institutional arrangements.

Key programme design features that are the focus of this chapter are: coverage and geographical targeting; target groups; shock-sensitivity; transfer levels and promoting access to complementary services.

Many studies have been carried out into different aspects of the programme and there is a wealth of evidence on which to base recommendations for improvements at all levels.

3.1 COVERAGE AND GEOGRAPHICAL TARGETING

Summary

The GoM is committed to the extension of social protection to the poor and vulnerable. The MoGCDSW recognises that the SCTP stands as the main consumption support programme in the country and, therefore, will:

- Gradually increase the regular SCTP coverage for the poor and vulnerable, reaching 15 percent of the population by 2027;
- Restructure the coverage of the programme to account for district-specific poverty and vulnerability profiles, instead of the current uniform coverage in every district; and
- Strengthen the position of the SCTP as the base programme for social protection support in Malawi.

Rationale

Gradually increasing the SCTP's overall coverage to 15 percent by 2027 will allow the programme to provide consumption support to more of the poorest and most vulnerable households. Based on earlier evidence of programme impacts¹², increased coverage is expected to further increase poverty reduction, improve health and education service access in communities, enhance the resilience of communities against shocks, increase the capacity of the programme to flexibly respond to shocks, and boost local economies, thereby improving the lives of beneficiaries and non-beneficiaries.

Currently, there is a 10 percent cap per district, meaning that up to 10 percent of households are targeted by the SCTP in each district. Given the wide variation in district ultra-poverty rates (from a low of less than 3 percent in Rumphu to 34 percent in Mchinji), the SCTP can improve coverage of ultra-poor households if it varies the percentage of households that are covered in each district, taking account of district ultra-poverty rates and seasonable vulnerability to food insecurity. This is also in line with a commitment in the MNSSP II (Strategic Action 5.1.2). It would probably be publicly unacceptable to reduce coverage from current levels in less poor districts, so a minimum 10 percent coverage will be maintained even in less poor districts, whilst coverage will be increased in poorer districts. Districts will be allocated to bands, according to their ultra-poverty/food insecurity, with different coverage rates for each band. This innovation would also improve the shock-sensitivity of the SCTP in line with MW2063, since more disaster-prone districts would see higher coverage of regular cash transfers, which will help build resilience.

In line with the principle of priority for the poorest, coverage will, as far as possible, be expanded sequentially, starting with the districts with the highest rates of ultra-poverty and highest percentage of food insecure population during the lean season, proceeding (as resources allow) to districts with the next highest rates and so on. Sequencing might need to be adapted slightly to take account of when districts are due to be retargeted.

Furthermore, to address the growing problem of urban poverty an urban cash transfer programme will be launched, building on the COVID-19 Urban Cash Intervention (CUCI) experience. The scheme will be designed, tested and then rolled out. Given the differences between rural and urban areas, this will require adapting delivery systems to the new context.

¹² Brugh et al, 2018

3.2 TARGET GROUPS

Summary

There will be a shift in the target groups of the programme. Rather than ultra-poor labour constrained households, the new target group will be ultra-poor households that include at least one member who is vulnerable by virtue of age or disability.

Rationale

There are various drawbacks of the current focus of the SCTP on labour constrained households: i) in practice there is a thin line between “labour-constrained” and labour-endowed households, and this distinction is further blurred by the fact that household composition changes over time ; ii) young children aged 0-5 are under-represented in households defined as labour-constrained (compared to ultra-poor households in general); and iii) the complex nature of the labour constrained household criterion makes it difficult for communities to understand targeting. Without a clear understanding of how the SCTP selects its beneficiaries, SCTP selection is often seen as a stroke of luck, result of political connections or corruption, and community support is limited.

Using simpler categorical criteria related to age and disability of individuals in the household could overcome these challenges. In the first instance, due to budgetary constraints, it will be necessary to still combine these categorical criteria with household poverty targeting of the SCTP. However, the use of simpler categorical criteria will set the basis for an eventual expansion of social protection to the whole population throughout the life cycle.

3.3 SHOCK-SENSITIVITY AND SEASONALITY

Summary

The overall goal by 2027 is to have a shock-sensitive SCTP, which the Government can expand vertically and horizontally in response to recurrent shocks, in a predictable manner, as well as in response to other disasters, when appropriate. MW2063 and MNSSP II include commitments to invest in SSSP and an overall goal of a “shock-sensitive” SCTP by 2025. The key next step is to develop a common agreed framework for shock-sensitive adaptations of the SCTP. A shock-sensitive SCTP would offer increased coverage, adequate financial protection, and improved services to current beneficiaries and also cushion other (non-beneficiary) households affected by shocks using SCTP systems.

Rationale

In Malawi, food insecurity and other dimensions of well-being are highly seasonal. Every year, seasonal food price changes mean that food insecurity rises in the lean season, peaking at 60 percent around February (the end of the growing season), before falling in April (the harvest season). Acute child malnutrition and mortality rates follow a similar pattern. Transfer values are currently fixed at the same level year-round but could feasibly be adjusted to account for increased seasonal needs.

On top of predictable seasonal shocks resulting in annual patterns of deprivation, unanticipated shocks such as the COVID-19 pandemic and extreme weather events have severely affected Malawi in recent years. These include the climatic phenomenon known as ‘El Niño’ in 2016, which was followed by significant floods; Cyclone Idai in 2019; the socio-economic impact of the COVID-19 pandemic in 2020 and subsequent years; as well as dry spells and Cyclones Ana and Gombe in 2022. In addition, other types of unanticipated shocks could potentially affect Malawi in the future, such as earthquakes, systemic economic shocks, refugee crises or a sudden and large-scale inflow of Malawian returnees in need of support.

Regardless of the predictability of the shock, due to the underlying high levels of chronic poverty in Malawi, even modest shocks tend to plunge many people deeper into poverty and even food insecurity. For the last ten years, about 10 percent of the population has been in need of emergency assistance. In practice, humanitarian action has been filling a gap in the social protection system, responding to needs which are chronic in nature and, arguably, ought to be addressed by the SCTP. Many pilots have been carried out over the past 7 years to systematically test and roll-out different aspects of shock-sensitive social protection in Malawi, gradually expanding the ability of the Government of Malawi to reach its citizens via expansions of the SCTP. Thanks to these experiences and related system strengthening, the national social protection system has reached a point where it is able to perform vertical and horizontal expansions through Government systems in response to recurrent slow onset shocks (the lean season); ii) vertical and horizontal expansions, including in urban areas, in response to the socio-economic effects of the COVID-19 pandemic; and iii) recovery transfers following significant floods (for example, vertical expansion in response to Cyclone Idai)¹³. Nonetheless, there is need to systematise the learning generated so far and to develop an operational framework for SSSP that is commonly supported by DoDMA, MoFEA/PRSP and MoGCDSW.

¹³ Reviews from most of these pilots are included in Longhurst and Sabates-Wheeler (2019) and UNICEF and WFP (2021).

Learning gaps include the development of anticipatory action trigger and financing mechanisms. Currently, there are two ongoing anticipatory action pilots in Malawi. The World Bank funded scalability pilot aims at increasing the SCTP's early response to dry spells and it is designed to include both a vertical and a horizontal expansion of the SCTP, building on the national system innovations developed for the Lean Season Response 21/22. This pilot will use dual triggers and financing sources, including insurance and grant mechanisms. Concurrently, the United Nations is supporting an Anticipatory Action pilot in three other districts, with the objective of testing the use of triggers to release financing from the UN Central Emergency Response Fund for a varied set of pre-approved interventions that should be implemented before the peak of a shock in order to reduce its impact. So far, these ongoing pilots have been focused on slow onset dry spells only, so there is need to test how to effectively leverage and expand the national social protection system to respond to rapid onset and/or large-scale disasters, whenever appropriate.

Other areas that require further learning include how to resolve the tensions between humanitarian and social protection targeting priorities, and how to improve systems integration across the humanitarian – development nexus. Systems requiring further adaptations would include programme MISs, the Unified Beneficiary Registry, National ID system, e-payments, GRM, M&E and the national call centre. Further testing and learning are also needed around linkages and referrals along the disaster risk management cycle. This refers to linkages between the SCTP and other available

programmes and benefits during the lean season (for example, school meals, and public works for household members with some labour capacity), but also preparedness and recovery activities following shocks, and long-term cash+ and resilience building strategies that can help vulnerable families to withstand shocks (for example, trainings on food preservation and conservation, village savings and loans and linkages to social services).

Despite existing learning gaps, there is a substantial body of SSSP evidence and capabilities currently available in Malawi, which have created momentum for social protection and humanitarian institutions to come together to i) agree common frameworks to respond to different types of shocks, including plans, triggers, budgets, reporting lines, beneficiary identification and selection criteria; and ii) to pre-position resources for SSSP in order to ensure rapid implementation. The cross-Governmental Operational Visioning Process planned for 2022, will be key to moving these consolidation processes forward.

3.4 ADEQUACY: TRANSFER LEVELS

Summary

The impact of SCTP transfers is highly dependent on their adequacy. There are several ways in which the adequacy of SCTP transfers levels could be improved, including by making annual adjustments for inflation to maintain their purchasing power, as well as periodic more fundamental reviews of adequacy.

Current transfer levels are as follows:

Household /members	1	2	3	4	Primary school bonus	Second-ary school bonus	Average household benefit
Transfer level in MK (to nearest 500MK)	4,000	5,000	6,500	8,000	1,000	2,000	9,000

Rationale

Inflation reduces the value of cash transfers, which undermines SCTP effectiveness. Transfer levels should be periodically updated to account for the loss in purchasing power caused by inflation and it is important to establish a set, repeatable process to help ensure that future adjustments are made as needed and that Government

and financing partners can plan ahead. To date, the adjustment of transfer levels has been arbitrary and irregular: between 2006 and 2020 transfer levels were adjusted only three times and using different parameters, sometimes national and sometimes rural inflation.

Furthermore, transfers were initially set in 2006 and since then have only been adjusted for inflation, but never systematically assessed in terms of their appropriateness or adequacy.

3.5 PROMOTING ACCESS TO COMPLEMENTARY SERVICES

Summary

Impacts of the SCTP on resilient livelihoods and human capital could be further enhanced by enabling households to access complementary services. A hybrid approach to realising this objective is planned, whereby: a basic package of complementary services will be provided, (including, for example awareness-raising on health, education, nutrition and savings, basic health screening and financial literacy training); SCTP beneficiary households will be encouraged to take up appropriate services available in the locality; and the SCTP will engage with and advocate to other programmes and ministries to make their services increasingly pro-poor and inclusive of SCTP beneficiaries.

Rationale

Government has experimented with various approaches to linking households to complementary services, which have included: the SoSuRe project which links SCTP beneficiaries to village savings and loans associations and other resilience promoting interventions; the FARMSE graduation project which targets 3,700 households with a comprehensive package of interventions, including start-up capital, intensive training and linkages to financial service providers; and a Linkage and Referrals pilot which attempted to systematically link households to existing Government and non-governmental organisation (NGO) social and livelihood services, through a structured system involving caseworkers and referral cards. However, different partners have supported different approaches in different areas. There is not yet a clear strategy or framework applied across the programme.

Provisionally, the following three elements are envisaged in the SCTP L&R framework:

- **Basic package of services:** The scope of basic complementary support will be agreed, standardised across partners, yet adapted to the specific needs of different districts, to include, for example, awareness-raising on positive health, nutrition and education behaviours, health screening, promotion of savings groups, and literacy training. This is expected to be affordable and to incrementally improve households' well-being. The nature and extent of the sessions that should form part of this package will be agreed based on evidence on effectiveness and value for money in the context of Malawi. It will be important to ground the design of such a package in an understanding of beneficiary priorities, their existing service access and the real access constraints they face.
- **Basic linkages:** Some beneficiaries may not be aware of or taking up services that are already available to them in the locality, and so another element will be raising awareness of existing services and encouraging uptake, for example of health, nutrition and education services, including technical and vocational education and training (TVET). The existing education bonuses aim to support this and may be reviewed, based on a recent study.
- **Advocacy:** There is scope to improve the extent to which existing services are appropriate and accessible to SCTP beneficiaries (identified as the poorest and most vulnerable citizens). MoGCDSW will advocate for existing services to become more inclusive of SCTP beneficiaries. For example, within education this will include collaborating with the existing secondary education financial support schemes at district level (including the Bursary Support Committee), the revamping of education support systems within the MoGCDSW, District Council and MoEST; and influencing the targeting of existing bursaries to include a higher percentage of students coming from SCTP households.

Delivery Systems

4



Effective implementation of the SCTP and the proposed increase in coverage and design improvements outlined in Chapter 3

depend on the existence of systems and capacities, such as:

- payments system;
- targeting methodologies and tools;
- claims and complaints mechanisms;
- linkage and referral mechanisms;
- exit strategy;
- monitoring, evaluation and learning; and
- updated MIS, financial management and administrative systems.

4.1 PAYMENTS

Summary

A harmonised e-payment solution has been approved for testing, which is currently being undertaken; and a roadmap to scale up this new approach is in place. The MNSSP II commits to ensuring timely and reliable payments to beneficiaries through innovative electronic delivery mechanisms; and the SCTP migration to an e-payment system is in line with this and also with the GoM Digitization Roadmap 2023. The harmonised e-payment solution will enable beneficiaries multiple cash access points and seamless use of available infrastructure, which will improve cost-efficiency, enhance reliability and timeliness, and promote financial inclusion, in line with MW2063.

Rationale

Evaluation and audits of the manual system revealed several systemic challenges including irregular and unpredictable transfer payments, complicated manual reconciliation, leakage, and security risks of physically carrying cash. In addition, officers and accountants spend much of their time in cash management and payment of transfers, at the expense of other key program activities such as monitoring and case management.

The use of an innovative e-payment system will improve the predictability of transfers and provide households with an avenue for financial inclusion. In addition, it will strengthen the public financial management system, improve accountability and transparency of payments, reduce operational costs and mitigate the fiduciary risks associated with manual payment systems. Improved SCTP payment systems will thereby contribute to overall programme effectiveness and efficiency.

The phased approach of the scale up of the harmonised e-payment solution means that several districts will still be on the manual system for some years and, therefore, there is a need to improve the current manual payment system in order to reduce associated fiduciary risks, while concurrently strengthening the capacities and systems to support scaling up of e-payment system. Key among the system reforms are improvements in system controls (access and authorisation), reconciliation and financial management.

4.2 TARGETING METHODOLOGIES AND TOOLS

Summary

In order to reach the newly defined target groups there will be a need to refine the targeting methodologies and tools. The precise ways in which tools will need to be refined depends on the agreed target groups.

Rationale

New targeting tools and methodologies will be required both to identify households with members in the newly targeted categories and for poverty targeting (since categorical targeting will still be overlain with poverty targeting in the first instance). Assessments have identified challenges with the current PMT, including that it seems to be relatively easy to manipulate and, thus, there is a high risk that household game the system. Thus, apart from the over-arching changes to target groups, discussed above, there will be a need for improvements to the targeting methodologies and tools. The timeline for this will align with the timeline for piloting and roll-out of the new targeting approach, as set out in Section 3.2 above.

4.3 SOCIAL ACCOUNTABILITY MECHANISMS

Summary

A key element of the system set up to ensure accountability to beneficiaries and communities is the claims and complaints handling mechanism. The purpose of this is to receive and resolve challenges that beneficiaries experience in accessing their right to social protection, including their specific entitlements to cash as well as their right to be treated with dignity and respect at all times. There is scope to strengthen the current system, in particular the processes of complaints resolution and feedback to complainants, and to strengthen linkages with other accountability mechanisms.

Rationale

The SCTP already has a system in place to respond to both “claims” from beneficiaries of non-receipt of a transfer and receipt of an incorrect amount, and “complaints” about other service delivery issues. The system has involved recording of claims/complaints on paper forms by community structures, investigation and processing by district structures, and provision of feedback to concerned beneficiary households, though digitisation of capture of claims and complaints is now underway.

A toll-free line linked to a call center was piloted under the COVID-19 Urban Cash Intervention (CUCI) and is in the process of handover to the MoGCDSW, enabling its future use for SCTP and potentially other social support programmes. It has contributed to the digitalization of GRM processes and is positively regarded by communities as a safe avenue for raising their concerns. However, there is need to ensure that there is a sufficient allocation of staff at central and district levels to efficiently handle and effectively resolve the complaints collected by the call centre. Ensuring the impartiality of the committee handling complaints, by opening it up to relevant line ministries, as well as to other partners and civil society organizations will also be key to transparency and accountability.

Challenges with the current system relate particularly to delayed or absent resolution and feedback to complainants. Further attention will be given to how duty bearers are capacitated to investigate and resolve grievances and how they are held to account for so doing. There is scope to strengthen top-down complementary accountability mechanisms, such as red flags in the MIS in response to anomalies, to complement the claims and complaints mechanism. A social accountability mechanism is being piloted in one district (Ntcheu), with a view to addressing some of the accountability gaps, and learning from this might also help further strengthen the overall accountability system.

The development of a harmonised second tier GRM covering all social protection programmes is also being addressed in coordination with PRSP and humanitarian structures. Programme-specific claims and complaints would remain the responsibility of the SCTP in the first instance, whilst unresolved ones could be raised through the harmonised complaints mechanism.

4.4 EXIT

Summary

Government recognises the need for a sustained improvement in people’s wellbeing and the SCTP is contributing to the realisation of this objective, whilst households are on the programme. After four years on the programme, a recertification is carried out and some households are exited because they no longer meet the programme criteria. To sustain the gains realised through the programme, it is important to mitigate the risk that exiting households simply rapidly fall back into poverty. Hence the need for an exit strategy. Following the testing of different exit strategies, the development of a common exit strategy would be useful to facilitate financial planning and programmatic coherence and mitigate the worst risks to households of abrupt exit, though it should be noted that this would not ensure graduation of exited households.

Rationale

A study on the SCTP in Mchinji (Miller et al, 2008) showed that households that were exited after retargeting fell back to ultra-poverty barely a year outside the programme. In other countries, sometimes the threshold for exiting is slightly different or higher than that for entry, in order to ensure that exiting households have achieved a minimum level of resilience before being removed from the programme. Ensuring timely and effective communications around exit is also key to enable households to make preparations, for example, providing six months’ notice of exit. Exit packages have also been designed and piloted in Malawi, for example an exit package was previously proposed that would have consisted of two further regular transfers for exiting households, a lump transfer, business advice and linkage to complementary services (Ayala Consulting, undated), although it has not been rolled out.

On the other hand, it is noted that a clear exit strategy, whilst mitigating the worst effects on vulnerable households of abrupt cessation of transfers, will not ensure that all exiting households graduate (can sustain themselves out of poverty over the medium term). Exit and graduation are conceptually different. Households exit when they no longer meet the criterion for inclusion in the programme. They graduate when they can sustain themselves out of poverty over the medium term without the need for ongoing transfers. For graduation, higher and more sustained investments in building resilience are required and, in any case, this is a realistic goal for only some households.

4.5 MONITORING, EVALUATION, ACCOUNTABILITY AND LEARNING (MEAL) FOR THE SCTP

Summary

Despite the existence of high-quality reports, the SCTP monitoring, evaluation and learning systems are atomised. A wealth of high-quality analytical work has been produced in relation to the SCTP, but many assessments are focused on specific components or issues of interest to a single stakeholder. Furthermore, Government produces monitoring reports at different intervals for different partners. There is scope to harmonise the monitoring and learning system behind a common agenda so that it better informs the development of the overall programme.

Rationale

The MoGCDSW strives to use rigorous evidence to inform future SCTP decisions and intends to develop a Learning Agenda to identify core priorities and promote stakeholder alignment. Under the Learning Agenda, the MoGCDSW hopes to facilitate learning and information sharing across stakeholders. First steps will be to fully document all assessments carried out to date, ensure that lessons learned have been fully collated and that learning products are available to all stakeholders. This approach will also be applied to all new analytical work carried out in the next five years.

Learning and evaluation need to be underpinned by an effective ongoing monitoring system and there is scope to strengthen and streamline this. In principle, the District Monitoring and Evaluation Office and the SCTP division M&E unit undertake field monitoring activities on a quarterly basis, focused on identified implementation issues; whilst the Directorate of Planning and Research undertakes higher level monitoring activities to complement this. However, in practice, capacity constraints of these different actors limit the extent and quality of the monitoring undertaken. The SCTP proposes to identify priorities, review indicators and build in-house capacities, as well as to move towards digital data capture.

District councils provide bi-monthly progress implementation reports to the MoGCDSW, and then the SCTP Division provides reports to development partners – three-monthly for some and four-monthly for others - on the SCTP's outputs and performance. Streamlining reporting timelines to development partners and ensuring a single format of programme report for all would reduce duplication of effort and free up staff time to implement the improved monitoring approach.

4.6 MIS, FINANCIAL MANAGEMENT AND ADMINISTRATIVE SYSTEMS

Summary

Management and administrative systems will require updating to underpin effective implementation of the above-mentioned improvements to the SCTP.

Rationale

Implementation of many of the above-mentioned improvements to the SCTP will require adaptations to the new MIS, for example: in the targeting module (as target groups and methodologies change); in the payments module (to manage the harmonised e-payments solution); and in the grievance redress module to handle changes to the claims and complaints system. Responsible staff will need training on the updates. Improved inter-operability with other information systems will also be essential, including with the UBR and the MIS for emergencies for SSSP; with the education management information system for secondary school bursaries; with the National ID for linkages and verifications; and with the GRM registry (of the harmonised GRM) and call centre for effective follow up on claims and complaints.

Similarly, current weaknesses in financial management and administrative systems risk undermining effective delivery unless addressed during the strategy period. The joint donor audit of the SCTP has remained adverse for the past five years and this is raising concerns amongst development partners.

Financing and Institutional Arrangements

5



The implementation of this plan also crucially depends on resourcing:

- sufficient and sustainable **financial resources**;
- **harmonised institutional arrangements**, possibly a social support fund with an integrated contingency line; and
- appropriate **human capacities** to deliver the programme as designed.

5.1 EFFICIENT, ADEQUATE AND SUSTAINABLE FINANCING

Summary

The GoM currently funds approximately 5.5 percent of total SCTP costs, with the remainder financed by development partners. As part of the GoM's commitment to increase overall funding and ownership of social protection programming and policy in Malawi, the GoM plans to increase funding of the SCTP to meet at least 15 percent of total programme costs.

Rationale

The GoM's financial contributions to the SCTP totalled MKW 2.25 billion in 2021/22, approximately 5.5 percent of all SCTP costs (including administrative costs). Budget proposals for 2022/23 show a 31 percent decline in overall financing of the SCTP from all sources, coupled with a slight increase in GoM funding to MKW 2.59 billion; and a resultant increase in the GoM share of financing to 8 percent of the total (UNICEF, 2022).

Increasing overall financing and Government contribution to 15 percent of total SCTP costs serves two key purposes. First, it aims to increase funding for the programme as a whole – this contributes to the government's social protection goals (MNSSP II) and reduces poverty, given that the SCTP has proven effective. Second, an increase in government funding can increase the sustainability of SCTP financing because i) government financing guards against potential fluctuation in donor funding, and ii) it shows government ownership, which increases the likelihood that external partners renew and increase funding. This objective also contributes to the MW2063 guiding principle of self-reliance.

In order to ensure sustainable national financing for the SCTP, it will be necessary to build a broad national commitment to social cash transfers, based on an understanding of their positive impacts and how they contribute to national development goals. This requires strengthened communications by MoGCDSW and its partners, with messages and channels tailored to particular key audiences.

For this strategic plan to be a useful tool to guide action, its level of ambition and sequencing will be aligned with realistic financing scenarios. To this end, based on consultations with funders, a range of financing scenarios will be considered, and actions prioritised and sequenced accordingly.

5.2 HARMONISED INSTITUTIONAL ARRANGEMENTS

Summary

Government and development partners will take steps towards harmonised delivery for SCTP and its expansions in response to shocks. Analytical work is underway to generate options for the way forward, led by PRSP, in which MoGCDSW will actively participate.

Rationale

The SCTP is implemented with support from different funding partners that finance specific districts through a variety of different channels, on different cycles and with different reporting requirements. This creates fragmentation and makes it difficult for SCTP to adopt a standardised approach across the country or to make decisions regarding strategic geographical variation. For example, geographical poverty targeting will increase coverage in the poorest districts relative to others and have implications for specific development partner budgets. It also creates duplication of effort for Government in responding to disparate partner requirements.

The progressive development of a Social Support Fund (SSF) for the whole MNSSP II is underway and an assessment was carried out in 2016 that proposed a series of steps towards this end. The proposal was to start with one or two programmes; and the SCTP, as one of the core and largest programmes, was suggested as a suitable candidate. A further assessment is currently underway, the aims of which are to develop options for the establishment of the SSF, which takes account of the diverse requirements of different stakeholders. These options, informed by a recent review of regional social protection joint financing mechanisms carried out by UNICEF, will cover institutional setup, governance arrangements and programming mandate and will be presented for decision to members of a Task Force, that comprises Government ministries and development partners.

Work on the SSF is led by PRSP with the active participation of MoGCDSW.

5.3 APPROPRIATE HUMAN CAPACITIES

Summary

The MoGCDSW provides management oversight of the implementation of the SCTP in all the 28 districts in Malawi, and district councils implement the programme on the ground with support from different stakeholders at district and community levels. The implementation of SCTP requires availability of adequate human capacities at all levels - as well as relevant equipment.

Rationale

The SCTP has currently adopted initiatives in line with MNSSP II, but staff do not always have the required specialist skills to implement them. The expansion and increasing complexity of the programme has created capacity gaps both in human resources and physical assets. Much use is made of external consultants and there is scope for more systematic on-the-job capacity building of staff by these consultants.

A capacity building plan has been developed with the support of a consultant, and this has resulted in a sequenced set of capacity building actions. Identified cross-cutting priorities include: strengthening leadership skills at both national and district levels; ensuring adequate staffing numbers and appropriate skills mix, in line with an earlier Functional Review Report; strengthening technical and administrative competencies of SCTP staff, through regular refresher training, with a focus on areas of change highlighted in this strategic plan; and ensuring that specific capacity building objectives are incorporated in TORs of consultants working on SCTP to progressively build in-house capacity. Supporting documentation (including all the SCTP Operations Manuals and annexes and the relevant sections of the MNSSP II Programme Operations Manual) will also require updating to align with this strategic plan, and will need to be disseminated at national and decentralised levels.

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Annex 1

STRATEGIC ACTIONS

Strategic Priority	Action	Description	Deadline
PROGRAMMATIC PRIORITIES			
1) Increase the proportion of ultra-poor households who receive social cash transfers	1.1 Make districtlevel coverage proportional to poverty rates	<ul style="list-style-type: none"> Develop a banding system for varying district coverage Determine the cost implications of the coverage increases Decide on the sequencing of expansion of coverage and develop a timeline 	2022
	1.2 Gradually increase national programme coverage to 15 percent of households	<ul style="list-style-type: none"> Reach 15 percent average coverage with differential rates of coverage based on district ultra-poverty and disaster proneness 	By 2027
	1.3 Launch new urban cash transfer programme	<ul style="list-style-type: none"> Design urban cash transfer programme 	By 2023
		<ul style="list-style-type: none"> Test new programme which will include setting up or adapting needed systems 	By 2024
		<ul style="list-style-type: none"> Roll out new programme 	By 2027
2) Improve the sensitivity of SCTP to vulnerabilities across the lifecycle, predictable seasonal deprivations, and unanticipated climate-related and other shocks	2.1 Refine a new categorial targeting approach, based on lifecycle categories	<ul style="list-style-type: none"> Pilot the new categorial targeting approach in Thyolo district (operational research) 	2022
	2.2 Roll out new targeting approach as part of scale up of coverage	<ul style="list-style-type: none"> Use new targeting approach for re-targeting and for expansion of coverage in the poorest and disaster-prone districts (see above) 	2023-2026
	2.3 Define SCTP's role in shock-sensitive social protection (SSSP) through the SSSP Operational Visioning Process led by PRSP and DODMA	<ul style="list-style-type: none"> Articulate a common vision to be formally approved by all key stakeholders. Select or establish common high level and technical fora for SSSP decision-making, progress updates and coordination. Clarify roles of each player 	2022
	2.4 Develop comprehensive strategic frameworks and detailed guidelines for vertical and horizontal expansion in response to different types of shocks.	<ul style="list-style-type: none"> Develop frameworks for: i) slow onset disasters (droughts and other crop failures); ii) climate-related rapid onset disasters (for example floods and cyclones) and; iii) other shocks (including pandemics, economic and migratory shocks). Frameworks would include plans, triggers, budgets, reporting lines, beneficiary identification and selection criteria, implementation arrangements and pre-positioned financing. 	2023 (slow onset) 2025 (other)
	2.5 Adapt systems to realise SSSP vision	<ul style="list-style-type: none"> Systems requiring adaptation would include programme MISs, the Unified Beneficiary Registry, National ID system, e-payments, GRM, M&E and the call centre. 	2024

Strategic Priority	Action	Description	Deadline
2) Improve the sensitivity of SCTP to vulnerabilities across the lifecycle, predictable seasonal deprivations, and unanticipated climate-related and other shocks	2.6 Develop a framework and contingency financing mechanisms to enable timely seasonal expansions of SCTP.	<ul style="list-style-type: none"> In districts most prone to seasonal acute food insecurity, plan for a seasonal expansion to be paid just before and during the lean season. Funds pre-positioned to allow for timely disbursement contingent on relevant triggers (e.g. Malawi Vulnerability Assessment Committee findings). 	2022
	3.1 Refine a financial model for adjusting transfer levels to take account of inflation.	<ul style="list-style-type: none"> Refine a model for annual adjustments. Ensure costings are integrated in Government and partner budgets. Develop guidelines on how to apply the model, test and rollout the model. 	2022
3) Ensure the adequacy of transfers to not only cover immediate consumption needs, but also promote resilient livelihoods and enable investments in human capital	3.2 Assess the ideal transfer level to meet SCTP objectives	<ul style="list-style-type: none"> Carry out and implement a more fundamental assessment of the value of transfers needed for the SCTP to meet its objectives and maximise cost-effectiveness. 	By 2025
	3.3 Develop a standardised SCTP L&R framework - across agricultural, business, health, nutrition and education linkages	<ul style="list-style-type: none"> Consolidate lessons from the L&R pilot and experiences from other L&R interventions. 	2022
		<ul style="list-style-type: none"> Identify priority linkages and develop guidelines for future L&R interventions, considering different services and target groups. 	2023
	3.4 Secure financial support for implementation of some key complementary interventions	<ul style="list-style-type: none"> Cost the priority linkages identified Consider how to enhance stakeholder collaboration. Lobby funders to secure a sustainable, consistent source of funding for future L&R 	2023-24
	3.5 Advocate for pro-poor design of key complementary services and inclusion of SCTP beneficiaries	<ul style="list-style-type: none"> In particular, engage with Ministry of Education around pro-poor school bursaries 	2023-24
DELIVERY SYSTEM PRIORITIES			
4) Strengthen delivery systems for effective realisation of programme objectives	4.1 Payments: Roll out Government-endorsed harmonised e-payments solution to replace current manual cash payments, with a view to improving reliability, transparency, efficiency of payments, and promoting financial inclusion	<ul style="list-style-type: none"> Review and customise the SCTP MIS to support the management and scalability of the harmonised e-payment system. Review and strengthen SCTP capacities to transition to the harmonised e-payment system 	2022
		<ul style="list-style-type: none"> Test and evaluate the harmonised e-payment solution. Further adapt programme guidelines, manuals, Standard Operational Procedures and the MIS. 	2023
		<ul style="list-style-type: none"> Roll out the harmonised e-payment solution in all districts. 	2024

Strategic Priority	Action	Description	Deadline
4) Strengthen delivery systems for effective realisation of programme objectives	4.2 Targeting: Adapt targeting methodologies and tools to effectively identify the modified target groups (see 1.2 above) in a sustainable way	<ul style="list-style-type: none"> Develop and test targeting methodology and tools to implement the new targeting approach at scale in a sustainable way. In particular, take decisions as to how to deal with ageing in and ageing out (households that become (in)eligible after targeting) for example, whether to enable rolling enrolment, periodic mini targeting/ verification exercises etc. 	2023
	4.3 Social accountability: Strengthen accountability to beneficiaries and communities by improving the SCTP claims and complaints mechanism and ensuring complementarities with other accountability mechanisms.	<ul style="list-style-type: none"> Strengthen tools for collecting claims and complaints. Test use of toll-free for confidential reporting of SCTP grievances to MoGCDSW, ensuring appropriate checks and balances are in place and that communities are aware of the line. Roll out electronic capturing of grievances in the field through tablets 	2023
		<ul style="list-style-type: none"> Develop standard operating procedures for the investigation and resolution of each type of claim/complaint and ensure that responsible officers are held to account for resolution and feedback to complainants 	2023
		<ul style="list-style-type: none"> Strengthen top-down accountability mechanisms, such as MIS alerts, and ensure complementarity between these and the claims and complaints mechanism 	2023
		<ul style="list-style-type: none"> Review the added value of the social accountability pilot to enhance accountability to beneficiaries and scale this up if indicated 	2024
		<ul style="list-style-type: none"> Ensure complementarity between these SCTP programme-level accountability mechanism and the sector-wide GRM under MNSSPII 	ongoing
	4.4 Exit: Develop a harmonised exit strategy to promote the resilience of previous beneficiaries who are exited from the programme and to mitigate the risk that they fall quickly back into ultra-poverty	<ul style="list-style-type: none"> Develop, pilot and assess an exit strategy, including, for example, an exit threshold (distinct from entry threshold), communication strategy and other support for exiting households 	2023
		<ul style="list-style-type: none"> Roll out exit strategy to all districts 	By 2026
	4.5 Monitoring, evaluation, accountability and learning (MEAL): Strengthen and harmonise monitoring, evaluation and learning processes	<ul style="list-style-type: none"> Implement and monitor the SCTP's Learning Agenda, guiding all actors to align behind SCTP's learning priorities and documenting lessons learned 	2022 and ongoing
		<ul style="list-style-type: none"> Carry out key SCTP evaluations and reviews, including the longitudinal impact evaluation and reviews of key innovations in this strategic plan 	2022 and ongoing

Strategic Priority	Action	Description	Deadline
4) Strengthen delivery systems for effective realisation of programme objectives	4.5 Monitoring, evaluation, accountability and learning (MEAL): Strengthen and harmonise monitoring, evaluation and learning processes	<ul style="list-style-type: none"> Agree a common reporting format and timetable for development partners supporting the SCTP for improved efficiency. 	2023
	4.6 Programme systems: Update MIS, financial management and administrative systems to underpin effective implementation of the above-mentioned improvements to the SCTP	<ul style="list-style-type: none"> Make updates to the MIS to support all the changes listed in this strategic plan, including targeting module, claims and complaints module, payments module; and improve inter-operability with other systems, such as the UBR and the MIS for emergencies, education MIS and the National ID system. 	ongoing
		<ul style="list-style-type: none"> Strengthen financial management and administrative systems, including through development of an asset inventory management system 	ongoing

FINANCING AND CAPACITIES

5) Increase financing and capacities to ensure effective, sustainable and harmonised delivery, by increasing both overall financing and Government financing as a proportion of the total	5.1 Advocacy and communications: Build political and public support for cash transfers through effective communications about their positive impacts	<ul style="list-style-type: none"> Communicate effectively with MoFEA, other key ministries, political leaders and the general public about the positive impacts of cash transfers, building support and overcoming misperceptions, by tailoring messages and channels to each audience. Effectively document and disseminate learnings with policy makers and implementing partners, including through establishing a website with a repository of key documents, and actively supporting key learning and advocacy events (for example, social protection weeks, Parliamentary engagement). 	2022
	5.2 Financing: Advocate for increased overall financing from development partners and for financing from GoM to reach 15% of total SCTP financing by 2027 for sustainability	<ul style="list-style-type: none"> Consult with MoFEA and development partners on potential sources of financing and develop a few realistic financing scenarios. Based on approximate costings of actions and the financing scenarios, develop a prioritised and sequenced implementation plan for this strategy for each financing scenario. Use the costings model and scenarios in budget negotiations with Treasury and for fundraising from development partners and establish regular interaction with key financing stakeholders. 	2022
	5.3 Harmonised institutional arrangements: Promote harmonised delivery of the SCTP itself by addressing the current challenges of fragmented financing and by collaborating with other social protection programmes	<ul style="list-style-type: none"> SCTP programme staff to actively engage in debates on the remit of the SSF and on key steps for its establishment, in order to harmonise the currently fragmented SCTP financing arrangements 	From 2022
		<ul style="list-style-type: none"> SSF is established 	By 2025

Strategic Priority	Action	Description	Deadline
5) Increase financing and capacities to ensure effective, sustainable and harmonised delivery, by increasing both overall financing and Government financing as a proportion of the total	5.3 Harmonised institutional arrangements: Promote harmonised delivery of the SCTP itself by addressing the current challenges of fragmented financing and by collaborating with other social protection programmes	<ul style="list-style-type: none"> Play an active role in the MNSSP/II National Social Support Technical Committee and its Pillar Groups and highlight to staff at national and district levels the importance of delivering SCTP in a coordinated way with colleagues implementing other social protection programmes 	
	5.4 Capacities: Ensure adequate and appropriate human capacities at all levels, as well as relevant equipment	<ul style="list-style-type: none"> Train senior leadership within the MoGCDSW on strategic leadership, change management, and managing for results. 	2022
		<ul style="list-style-type: none"> Ensure adequate staffing numbers and appropriate skills mix, in line with findings of the 2018 DHRMD Functional Review Report. 	2022
		<ul style="list-style-type: none"> Strengthen technical and administrative competencies of SCTP staff, through regular refresher training, with a focus on areas of change highlighted in this strategic plan. 	ongoing
		<ul style="list-style-type: none"> Ensure that specific capacity building objectives are incorporated in TORs of consultants working on SCTP to progressively build in-house capacity. 	ongoing

Annex 2

SWOT ANALYSIS OF THE SCTP (JUNE 2021)

STRENGTHS

<p>Malawi Government financing</p> <p>Multiple development partner financing</p> <p>Presence in all Districts</p> <p>Well-designed structure for handling grievances</p> <p>Developed Unitary Beneficiary Registry</p> <p>Established District Social Support Committees</p> <p>Perceived with a positive track record</p> <p>Trusted by many stakeholders as SCT provider both at community and national level</p> <p>Has demonstrated ability to attract new donors</p> <p>The existence of the National SCT Policy</p> <p>Proven ability to implement vertical and horizontal expansions of the SCTP via Government systems in response to Lean Season (slow onset shocks), the socio-economic impact of COVID-19 and to provide recovery transfers following rapid onset shocks</p>	<p>Robust management information system</p> <p>Good coordination structures/systems at all levels</p> <p>There is consistent funding</p> <p>Good reporting systems</p> <p>Well trained personnel</p> <p>Strong monitoring systems</p> <p>Political will</p> <p>Coverage in all 24 Districts and in each TA</p> <p>Good policy environment</p> <p>Effective targeting systems i.e., Less inclusion errors</p> <p>Good financial management systems</p>
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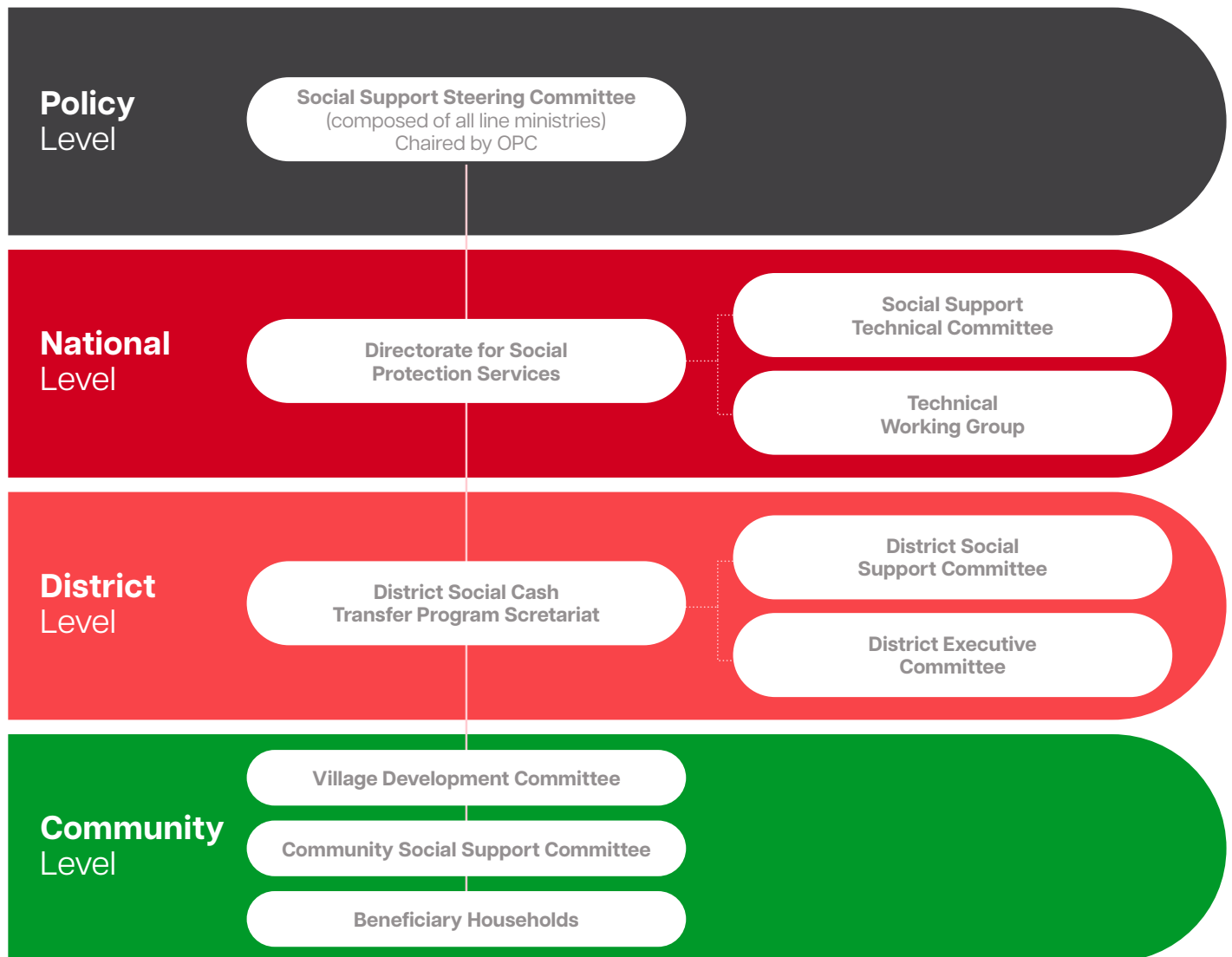
WEAKNESSES

<p>No legal framework</p> <p>Weak ownership and leadership by Government</p> <p>Development partner dependency</p> <p>Weak M&E system</p> <p>Weak intra and inter program linkages</p> <p>Insufficient ITC facilities</p> <p>Weak coordination at District and National levels</p> <p>Inadequate human, financial and institutional capacity</p> <p>Uncoordinated donor programs financing</p> <p>Process largely paper based</p> <p>Process and human capital do not match</p> <p>Gaps exist in addressing claims</p> <p>Gaps exist in addressing complaints</p> <p>Feedback gaps to beneficiaries exist</p> <p>Cases are left unattended to for a long time</p> <p>Beneficiaries denied quality service</p> <p>Absence of exit strategy</p> <p>Low shock sensitivity of SCTP</p> <p>Resource related challenges</p> <p>Inadequate transport</p> <p>Inadequate equipment</p> <p>Poor infrastructure</p> <p>Non devolution of procurement system</p> <p>Use of temporal Pass Books</p> <p>Unreliable network coverage</p> <p>Staff Capacity related weaknesses</p> <p>Lack of refresher courses for officers</p> <p>Unclear directorate for SCTP-DPD/DHSS</p> <p>No staff profile for SCTP/Directory</p> <p>Lack of Identification Regalia for CSSCs</p> <p>Lack of uniformity on allowances in the districts.</p> <p>Lack of refresher training amongst SCT stakeholders</p> <p>Inadequate incentives to the program staff and volunteers</p> <p>Lack of incentives to motivate staff</p>	<p>MIS related challenges</p> <p>MIS-Data base error</p> <p>PC and scanner failures</p> <p>Targeting Weaknesses</p> <p>Low coverage of beneficiaries. Only 10% of ultra-poor is targeted in the programme</p> <p>Complexity of UBR usage system</p> <p>Late retargeting of SCTP</p> <p>Inclusion and exclusion errors</p> <p>Poor target processes that lead to inclusion and exclusion errors</p> <p>Legal Framework</p> <p>No legal framework to guide the budgetary allocation</p> <p>Transfers Level</p> <p>Low transfer levels as compare market prices</p> <p>Low level of transfers</p> <p>Long-time intervals between transfers</p> <p>Beneficiary related weaknesses</p> <p>Building high dependency syndrome among beneficiaries</p> <p>Failure of the programme to deal with kickbacks</p> <p>Insinuating a dependency syndrome to the beneficiaries</p> <p>Abuse of transfers by beneficiaries</p> <p>Other weaknesses</p> <p>Low community participation</p> <p>Poor monitoring system</p> <p>Lack of visibility of SCTP</p> <p>No proper graduation system</p> <p>Uncoordinated linkages and referral strategies.</p> <p>Rigorous payment system (Manual)</p> <p>Fraud</p> <p>Weak/Poor coordination among social cash transfer stakeholders at both community and district</p> <p>Heavy reliance on donor support</p> <p>inadequate incentives to volunteers</p> <p>Systems and staff allocation not sufficient to provide the first response to rapid onset disasters (only recovery transfers are feasible for now)</p>
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OPPORTUNITIES	
<p>Existence of ADC/AEC</p> <p>Availability of other stake holders in the district</p> <p>Savings and Investments (Availability of VSL groups)</p> <p>Well established SCTP structure (CSSC / DSSC)</p> <p>Availability of policy – MNSSP</p> <p>Great progress made on developing SCTP systems to respond to various types of shocks in recent years</p>	<p>Support from Donor</p> <p>Continuing donor support</p> <p>Councils are decentralized</p>
THREATS	
<p>Fraud</p> <p>Unreliable network coverage</p> <p>Lack of Financial Service providers to rural areas</p> <p>Donor dependency</p> <p>Leadership conflict Health and Social (District)</p> <p>No legal Backing e.g., Act</p> <p>Theft by trick</p> <p>Program sustainability measures when partners pull out.</p> <p>Inadequate funding</p> <p>COVID-19 pandemic</p> <p>Depreciation of the kwacha to maintain the purchasing power</p> <p>Political interference</p>	<p>Donor withdraws</p> <p>Donor dependency</p> <p>Donor funding dependency</p> <p>Donor dependency</p> <p>Donor fatigue</p> <p>Donors polling out</p> <p>Little funds are committed from the National budget toward the program</p> <p>Donor withdrawal</p> <p>Donors may pull out</p> <p>Beneficiaries failing to graduate</p> <p>Beneficiaries unable to graduate</p> <p>An impediment to personal development</p> <p>Increased poverty levels</p> <p>Donors not willing to channel emergency response funding through the national social protection system, thus adding coordination challenges and reducing flexibility</p> <p>Government capacities being stretched due to the need to respond to several shocks via SSSP without additional allocation of staff or funding for operations (e.g. donors providing funds for transfers and not for all the other required elements for a quality response).</p>




























Annex 3

SCTP ORGANISATIONAL STRUCTURE



Annex 4

RISKS MATRIX

TOP RISKS (in order)	LIKELIHOOD	SEVERITY	RISK RATING	MITIGATING MEASURE
Government of Malawi increased financing is not forthcoming and/or political buy-in to social cash transfers is not obtained, undermining sustainability of plan				Build public and political commitment to the SCTP. Effectively communicate to MoFEA and other key ministries on the important contributions of the SCTP to national objectives set out in MW2063, by presenting national and global evidence.
Development partner (DP) increased financing is not forthcoming				As above. A key development partner concern is that their investment in SCTP will not be sustainable, due to limited GoM contributions, so increasing GoM financing would likely have a knock-on positive impact on DP financing.
Strategic Plan is seen as so ambitious as to be unworkable and, therefore, in practice, it is not used or tracked				Identify key cost drivers (mainly transfers) and cost the commitments in the plan. Develop financing scenarios (ambitious, very conservative, realistic). Then develop and options for sequencing and prioritising actions under each scenario.
Lack of collaboration between MoGCDSW and the humanitarian/disaster management sector, undermining progress on SSSP.				Engage actively in cross-Government Visioning Process. Build relationships across ministries and between DPs working on social protection and humanitarian work.
Progress on the SSF stalls and fragmented funding arrangements impede progress with geographical targeting and other Strategic Plan innovations and reforms				Actively participate in the SSF process to help ensure progress with its establishment.
A national or global disaster distracts attention from this Strategic Plan				Take account of this risk in development of options (see above). Consider a pared back version of the strategic plan. Also identify opportunities, for example using SCTP shock-sensitive systems to respond to the disaster (as was done with COVID-19).
Capacity within the Ministry is not progressively strengthened to support the envisaged reforms				Ensure donor buy-in the capacity development's plan and support to its implementation.
New COVID-19 waves lead to further restrictions on movement and face-to-face interaction.				Draw on experience with earlier waves to overcome these challenges. Invest in the call centre and other innovative systems to support remote delivery monitoring and GRM.
Sector ministries do not consistently and effectively engage with the social protection sector, hampering efforts towards the establishment of cash plus mechanisms.				Take time to understand other sectors' priorities and ensure that proposals for collaborative working respond to their priorities (as well as to SCTP priorities). Build relationships with identified champions of collaborative working in other ministries.

 High rating  Medium rating  Low rating



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