



**Social assistance and cash transfers:
an example from Malawi**

Increasing efficiency of Malawi's Cash Transfer Programme

Malawi	
Population	17.2 million
Human Development Index rank	170 out of 188
Life expectancy at birth	63.9
National poverty rate (% of the population living below national poverty line)	50.7%
Absolute poverty rate (% of the population living below USD 1.90/day Purchasing Power Parity)	70.9%

Source: UNDP, 2016

■ Cover photo: Beneficiaries of the Malawi Social Cash Transfer Programme (SCTP) queuing to receive their transfer payments.

Malawi: One of the poorest countries in the world

Malawi, located in Southern Africa, is one of the world's poorest countries, ranked 170th of 188 in UNDP's 2016 Human Development Index. Of its population of 17.2 million, more than 70% live on less than USD 1.90 a day, half live below the national poverty line, and a quarter live on less than USD 0.15 a day. Households in extreme poverty – termed 'ultra poor' in Malawi – are defined as those unable to generate enough income to ensure their basic daily needs. This group is large: a high proportion of the population – including children, the elderly, the chronically sick (including the 10.3% of adults who live with HIV), and people with disabilities – are not able to work to support themselves.

Malawi's social cash transfer programme

An economic crisis in Malawi in 2010, followed by poor harvests, pushed up food prices and hit the poor hard. Recognising that a stronger safety net for the poorest was needed, the government adopted a national social support policy in 2012 and a programme to implement it, the Malawi National Social Support Programme (MNSSP), in 2013. The goal is to reduce and eventually eradicate extreme poverty, and prevent people who are already poor from slipping further into poverty. The policy includes five approaches: public works programmes for households with members who are able



■ With cash transfers, Chiwa Tenesi is now able to afford soap, send her children to school, and hire a bicycle taxi to a health centre to get her three-year-old grandchild vaccinated.

Social cash transfers (as of July 2016)

Household size	Malawi Kwacha (MWK)	Euro equivalent (As of 15 Sept 2017)
1 person	2,600	2.80
2 persons	3,300	3.80
3 persons	4,400	5.00
≥ 4 persons	5,600	6.40
Child at school	Additional school bonus payment (per child)	
Primary school	800	0.90
Secondary school	1,500	1.70

to work; microfinance; village savings and loans schemes; a school meals programme; and a Social Cash Transfer Programme (SCTP) for extremely poor households.

The SCTP makes regular unconditional transfers in the form of cash. The transfers cover basic needs and can also enable poor households to invest in the future – sending children to school, or investing in productive assets – to help them escape the cycle of poverty.

The amount of the transfer depends on the number of people in the household and the number of children of school age. In 2016, the average payment per family was MWK 7,000 a month, equivalent to EUR 8. For comparison, Malawi's 2011 household survey gives the average income of the extremely poor as MWK 2,000 per person per month. The amount is calculated to cover basic needs, but also considers trade-offs that households have to make, such as the opportunity cost of sending children to school instead of to work. The amount did not change for the first six years, but was increased in 2012 and again in 2015 and 2016 due to high inflation. In future, the government of Malawi intends to revise the rates every year to match rising prices of basic goods.

Identifying the beneficiaries

In a very poor country, one of the challenges for a social protection programme is deciding who should receive support. The selection process must be transparent and accepted by the population to avoid causing suspicion and envy. In Malawi, communities are involved in targeting to secure ownership and transparency. The targeted beneficiary households are extremely poor and labour-constrained: those who fall well below the international poverty line, eat only one meal a day, and earn less than USD 0.15 a day. Further, they have no family members who are fit for work, or only one member who is able to work but who must take care of at least three dependents (e.g., children or elderly people). These households typically consist of grandparents with orphans, single mothers with young children, disabled or chronically ill members, or child-headed households.

To identify beneficiaries, the district administrators develop a ranking list of traditional authorities (the administrative sub-divisions under districts) according to the number of extremely poor households in each one. A District Stakeholder Forum composed of representatives of the District Councils, members of parliament, traditional chiefs, and civil society members validates the ranking and selects the traditional authorities with the highest number of extremely poor households. Within the villages of these traditional authorities, elected Community Social Support Committees identify potentially eligible households. District Councils manage the selection process, and communities have the opportunity to provide input at several points in the selection process, including through community meetings to explain the selection methodology, as well as to verify the results of the selection process.

■ A “typical” beneficiary household consisting of a single mother, her elderly parents and mostly young children.



From pilot to national programme: rolling out the Social Cash Transfer Programme

The SCTP started in 2006 with financial support from the Global Fund through the National AIDS Commission (NAC) and with technical support from the United Nations Children's Fund (UNICEF). Following a successful pilot in one district, it was expanded with the support of KfW Development Bank and became one of five pillars of the national social support policy in 2012. Current support for the programme is provided by the German government (through KfW), the European Union, the World Bank and the Irish government, while the contribution by the Malawian government has increased over the past years.

The programme is overseen by the Ministry of Gender, Children, Disability and Social Welfare, through its Directorate of Social Support Services. As of mid-2017, the SCTP reached nearly 170,000 households (about 800,000 individuals) in 18 of the country's 28 districts. The government of Malawi is in the process of expanding the programme to all the districts.

German support for more efficient management

Malawi's government and public administration have very limited administrative capacity and resources, making efficient and cost-effective implementation of the SCTP a major challenge. At the beginning of the programme, computers and modern technology were lacking at all levels. Since 2012, Germany has been supporting Malawi not only by funding the cash transfers, but also by setting-up and modernising the administration and implementation structures of the programme. KfW also provides financial support for monitoring and evaluation activities and focussed studies. A KfW-funded management consultant located within the Ministry of Gender, Children, Disability and Social Welfare provides technical advice to improve the programme's operational design and implementation. Since 2015, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH supports the coordination and monitoring of the overall NSSP. This includes harmonising targeting between the cash transfer and the public works programmes, as well as generating evidence for 'graduation' from the programme through an economic empowerment pilot. In addition, GIZ strengthens a key information system, the unified beneficiary registry (UBR), which will be gradually rolled out throughout the country.

Improving the targeting process

The targeting process has been revised and improved to ensure it is transparent, cost-effective, and accepted by the population. Improved targeting procedures have been introduced, which will serve as a basis for the harmonisation of other NSSP components with the social cash transfers. A manual for each step of the targeting process has been set up with the support of the management consultant.

A modern management information system

Since 2012, KfW has been providing technical assistance to make the administration of the programme more efficient and cost-effective by automating core processes of data and financial management. This involves installing computers, introducing financial software, and establishing a management information system with a comprehensive database.

The management information system (MIS) contains the data from all beneficiary households, including name and address of a household representative, the number of household members, how many can work, the number of school-age children, photos, and a personal signature or thumbprint. Together with other programme-related information such as tracking of payments and household updates, it enables the government to monitor each aspect of programme implementation, such as targeting, payments, and case management. Computers and tablets were provided and officials at every level have been trained to use them. Beneficiaries register electronically and a representative of each beneficiary household receives a beneficiary identification (ID) card with a barcode. The ID card entitles the representative to collect the transfer payment for the household at the pay point.



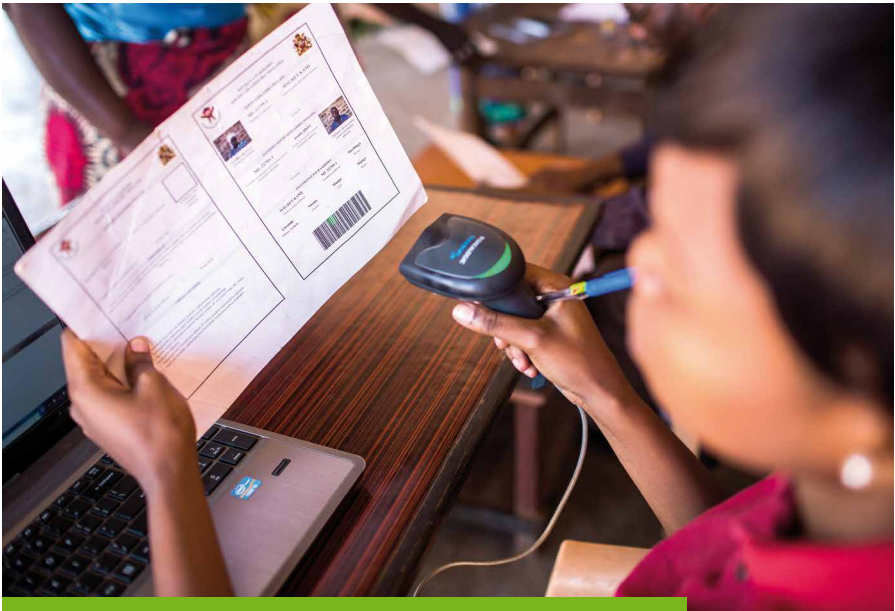
■ Programme beneficiaries at the case management desk. Case management is part of the payment process and gives beneficiaries the opportunity to report on household updates (e.g., death or birth of household members), give feedback on the quality of service, and make claims in case they have faced any problems receiving their transfers.

The case management system is linked with the MIS to support processing of appeals and claims, such as non-receipt of transfers, thereby helping to prevent fraud and misuse of funds.

Improved payment systems for timely and transparent payment

At the beginning of KfW's involvement in 2012, the payment process was not very efficient. Transfers were supposed to be made every two months, but were often irregular and unpredictable due to inefficient and time-consuming processes.

Over time, KfW has supported the Ministry of Gender, Children, Disability and Social Welfare to gradually improve and automate the payment mechanism and transfer it into a semi-electronic system. While alternative mobile payment systems were piloted in two districts with support from the European Union, the pilots revealed challenges including limited and irregular access to electricity and internet, and low skills of the beneficiaries to use electronic devices. Because of this, the semi-electronic system, which has proven to be efficient in terms of reliable delivery and reducing administrative costs, is being maintained for now.



■ Modern e-technology is used to facilitate identification and payouts to beneficiaries. One of the social welfare district officers scans the beneficiary ID card of an SCTP beneficiary.

Improving operations and measuring impact

German development cooperation supports the strengthening of the programme's monitoring and evaluation capacity. Regular monitoring at grass roots level is secured through district officials and members of the Community Social Support Committees, which act as observers at the paypoints and undertake regular household visits to beneficiaries. At management level, external evaluations of the programme's general performance, quality, and cost-effectiveness reveal ways to improve its operations. Finally, the government has been looking into the impact of social cash transfers in terms of behavioural changes, household and children's welfare, and local economic effects. A multi-year impact evaluation was carried out with technical assistance from UNICEF and co-funding from Germany and the European Union.

Improving linkages and coordination

There is a growing recognition in Malawi of the need for stronger coordination and harmonisation of social protection programmes. The development of a UBR as a harmonised targeting tool for different social protection programmes is a promising first step towards improved coordination. Further activities are being piloted, such as promoting linkages between the various social protection programmes and other social services. There have also been a number of efforts to better link interventions for humanitarian support and crisis

response with the social protection agenda to improve the resilience of poor and ultra-poor households.

Sustaining social cash transfers in Malawi

The SCTP has provided an important safety net for the most vulnerable households in Malawi. In a number of studies, beneficiaries have reported significant improvements in their living conditions: overall food security has improved, as has school attendance, (self-perceived) health status, and economic productivity of beneficiary households. There have also been encouraging initial findings of the SCTP's positive impacts on a 'safe transition to adulthood' of adolescents from beneficiary households, including that the adolescents are more likely to delay their first sexual encounter and are less likely to experience forced sex and mental health problems. Incomes have risen as a result of increased agricultural and non-agricultural activities. There have also been gains for non-beneficiaries: the burden on (very often also poor) relatives to support destitute family members has decreased, and local economies have benefited from beneficiaries' increased purchasing power and demand for services.

However, cash does not always address all the ways in which extremely poor households are excluded. Other barriers may block their access to basic social services, and lack of knowledge or resources may prevent carers from adopting behaviours that would benefit their children's growth and development. With technical assistance from UNICEF, the government is creating a system for linking cash transfer beneficiaries to other existing services such as nutrition programmes, business skills trainings, or health services.

With support from German development cooperation on the automation of key processes, the efficiency and transparency of Malawi's SCTP has significantly increased, while the operational costs of the programme have fallen substantially. Despite persistent budget limitations, the Malawi government has expanded its own financial contributions towards the programme over the past few years. Further stabilisation and increased contribution is expected over time.

Given the number of people in need of support, there is still much work to do. To implement the SCTP as a long-term, government-owned and government-driven programme, significant financial resources, capacity building and institutional anchoring into governmental structures are required. The Malawi government is expected to play a strong coordinating role and bring forward the social protection agenda in Malawi. However, due to limited budget the SCTP, as the most visible and recognised programme for social protection in Malawi, will continue to depend on strong donor support. In this context, support from German development cooperation with its long-standing expertise in Malawi will continue to be important in assisting the government to effectively improve the living conditions of the country's poorest and most vulnerable households.

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