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Abbreviations and Acronyms

AIP  Affordable Input Programme
CS-EPWP  Climate Smart Enhanced Public Works Programme
COMSIP  Community Savings and Investment Promotion
CUCI  COVID-19 Urban Cash Intervention
GDP  Gross Domestic Product
IDA  International Development Assistance
IFAD  The International Fund for Agricultural Development
FARMSE  Financial Access for Rural Markets, Smallholders and Enterprise
INGO  International Non-Governmental Organisation
MVAC  Malawi Vulnerability Assessment Committee
MoFEA  Ministry of Finance and Economic Affairs
MNSSP II  Malawi National Social Support Programme II
NRS  National Resilience Strategy
SSN  Social Safety Nets
SCTP  Social Cash Transfer Programme
SSRLP  Social Support for Resilient Livelihoods
USAID  United States Agency for International Development
VSL  Village Savings Loans
WFP  World Food Programme

All dollar amounts are US dollars unless otherwise indicated.
Executive Summary

This background note is part of the broader Malawi Country Climate and Development Report. It highlights the significant role social protection plays in the climate change agenda as an adaptation and mitigation measure to climate change. Based on existing analytical products including Process evaluation of COVID-19 urban Cash Initiative (CUCI), Strengthening Human Capital Public Expenditure Review (PER), and discussions with government counterparts, the background note unpacks how climate change has impacted the poor and vulnerable in Malawi. It further discusses the social protection system in Malawi, and its adaptability to climate change related shocks.

The core of the background note is an assessment of the scalability and adaptiveness of Malawi’s social protection system. The analysis of the assessment and adaptiveness of Malawi’s social protection system was premised on a rapid and partial application of part 2 to the stress testing tool for social protection: Stress Testing Social Protection: A rapid appraisal of the adaptability of social protection systems and their readiness to scale up. It focusses on the qualitative component of the part two of the stress testing tool due to limited time available to complete the task. This is considering that the quantitative section required comprehensive consultations with government on the scores. The assessment analyses the readiness and adaptiveness of core programmes, delivery systems, data and information and institutional arrangements and partnerships.

The analysis found that Malawi’s core Social Safety Nets (SSNs) are becoming more responsive to shocks, including development of the Social Cash Transfer Programme scalability mechanism to respond to droughts, thus playing a critical role in supporting poor households in managing risk and accessing opportunities. However, there is limited mix and coverage of individual social safety net interventions in Malawi, a gap that needs attention, balanced with financing needs. The analysis suggests that there is room for strengthening the social protection delivery systems through digitization to increase shock-responsive effectiveness. This includes considerable investments in digitizing key aspects of Malawi’s social protection delivery system including the social registry also known as the Unified Beneficiary Registry (UBR), SCTP and CS-EPWP management information systems, harmonized electronic payments, and grievance redress mechanisms. Regarding data and information, the UBR-Malawi Social Registry and social safety net programs Management Information Systems (MIS) have demonstrated the ability to be a bedrock for data and information flow in support of shock-responsive interventions due to their ease to adapt to serve emerging shock-responsive needs such as COVID-19 Urban Cash Initiative (CUCI). The note highlights that investments in social registry should focus on improving data recency, integration with the National IDs system for verification and, strengthening data privacy and security. The note also highlights that the current level of financing safety nets is not sustainable, as it is overwhelmingly dependent on external financing and does not adequately include disaster risk financing options - as such the growing prominence of shock-responsive social safety nets needs to be balanced with enhanced risk financing options. Putting in place pre-arranged finance to scale-up social safety nets in times of shocks, including climatic shocks, is critical to ensure the effectiveness of Malawi’s social protection system. It concludes by reinforcing the crucial role of partnerships - there is need to strengthen partnerships between the humanitarian and social protection partners. Currently, fragmented social protection sector compounded by limited capacity at national and decentralized levels challenges sectoral coordination efforts among stakeholders.
Introduction

This background note discusses the role of social protection as a key enabler for climate change adaptation and mitigation. The note analyzes relevant national social protection policies, programs and strategies, and their linkage to climate change. It specifically discusses social protection’s role in providing income and consumption support, and its contribution towards promotion of human development outcomes, and towards management of environmental and natural resources for resilience building and long-term poverty reduction - as the main pathways through which social protection contributes to the climate change agenda.

In addition, it brings in a forward-looking perspective by conducting a rapid analysis of the adaptiveness of Malawi’s social protection systems to respond to climate change related shocks with a specific focus on the four building blocks for adaptive safety nets: programs and delivery systems, data and information, finance and institutions, and partnerships. On delivery systems readiness for adaptive safety nets, the note shines a spotlight on communication/outreach, e-payments, and the social registry - Unified Beneficiary Registry (UBR), and Grievance and Redress Mechanism (GRM) systems.

The analysis of the readiness and adaptiveness of Malawi’s social protection system was based on a rapid and partial application of the stress testing tool for social protection: Stress Testing Social Protection: A rapid appraisal of the adaptability of social protection systems and their readiness to scale up – A guide for practitioners’ Version 1. The tool provides guidance on how to systematically conduct a rapid appraisal of the adaptability of social protection systems and their readiness for scale-up. The stress testing tool has two parts: (i) scenario building and assessing needs by examining the main sources of risk requiring a large scale-up of social protection, and an estimated caseload; and (ii) scalability and adaptiveness of social protection - which focuses on assessing social protection systems’ readiness to respond to shocks. Time limitations has restricted partial application of the stress testing tool in the background note. It has focussed on the qualitative component of part two of the stress testing tool: Stress Testing Social Protection: A rapid appraisal of the adaptability of social protection systems and their readiness to scale up – A guide for practitioners’ Version 1 and contextualized it by discussing components relevant to the Malawi situation.

The background note does not include the scenario building and need assessment. It also did not assign scores to the components as this would have needed thorough consultations and consensus building, which was not feasible due to time limitations. Nevertheless, the qualitative discussions provide a comprehensive representation of Malawi’s social protection systems’ readiness to scale-up in times of shock.

Impact of climate change on the poor and vulnerable

1. Climatic related shocks, such as floods and droughts, affect the poor and vulnerable most - requiring development of a shock-sensitive safety net system that enhances their ability to deal with climate shocks and stressors. Malawi continues to experience recurrent climatic shocks, which undermine poverty reduction efforts. In the region, Malawi experienced the highest sensitivity to extreme dry events from 1980 to 2014; weather shocks have increased the vulnerability of households driving many into temporal or permanent poverty. Transitory shocks have the potential to exacerbate rural poverty, pushing an additional two out of every five households below the poverty line (Dang and Dabalen 2017). As of January 2022, more than 945,727 people have been affected by floods caused by Tropical Storm Ana, while the 2019 floods affected over 865,000 people. The economic loss caused by floods and drought between 2015-2017 is estimated at five percent of Malawi’s GDP. Geographically speaking, there is also a strong correlation between regions/districts with high vulnerability to climatic shocks, and high poverty incidences or food insecurity. The 2022 poverty assessment estimates that around one in six (16 percent) households in the first quintile of the consumption distribution were affected by droughts.
Similarly, 19 percent were affected by floods. This is in contrast with individuals at the upper end of the consumption distribution whereby 14 percent and 6 percent were affected by droughts and floods, respectively (Figure 1 below). In this regard, the development of a shock-sensitive safety net system is also critical to making Malawi more resilient to climatic and other shocks; ultimately, it would be a gateway for sustained growth and poverty reduction in the medium- to long-term.

Figure 1: Poor Individuals are More Exposed to Shocks

Malawi Social Protection Landscape

2. Malawi’s long-term vision “Malawi Vision 2063” (MW2063) and its pioneer Malawi Implementation Plan (MIP-1) 2021-2030 recognizes social protection as an enabler to transform Malawi as a part of human capital investment. The Malawi Vision 2063 highlights the need to protect the poor, vulnerable, and marginalized so that they are not left behind in Malawi’s quest for inclusive wealth creation. It aims at improving the shock sensitivity of the social protection system by coming up with scalable safety nets that empower the poor and vulnerable to prepare for, cope with and adapt to shocks, and enhance social economic wellbeing. The aspirations of the Malawi Vision 2063 are aligned with the National Social Support Policy (NSSP), approved in June 2012, and the revised draft policy (2021) that is pending approval in 2022. The policy guides social protection programming and dynamically focuses on provision of welfare support, protection of assets, and promotion through productivity enhancement.

3. The Malawi National Social Support Programme II (MNSSP II) provides a coherent and integrated safety net system that would help build resilience and adaptability to climate shocks, especially for the poor through consumption smoothing, livelihood support and adaptive/shock-sensitive safety nets. MNSSP II which runs from 2018-2023 is based on five thematic pillars namely: (i) consumption support; (ii) resilient livelihoods; (iii) shock-sensitive social protection; (iv) linkages between safety nets and other programs; and (v) strengthening safety net delivery systems (figure 2 below provides additional description of the pillars). Currently, Malawi’s social protection programs are: (i) Social Cash Transfer Program (SCTP) (the main social safety net program), School Feeding; (ii) Public Works Program (PWP); (iii) Livelihoods enhancing/economic inclusion programs including Ultra Poor Graduation program; Village Savings and Loans (VSL); and (iv) a humanitarian response program executed in the form of in-kind transfers, and conditional and unconditional cash transfers. Beyond social protection, the MNSSP II is externally coherent with the National Resilience Strategy (NRS). The NRS promotes a common and integrated action in tackling food insecurity, chronic vulnerability, and poverty. It promotes a common framework focusing on four pillars of
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resilient agriculture: catchment protection and management; risk reduction, flood control, early warning and response; human capacity livelihoods; and social protection.

Figure 2: Overview of Malawi National Social Support Programme II (2018-2023)

4. Recent plans to rationalize and expand Malawi’s social protection system are an opportunity to enhance coverage of Social Safety Nets (SSN) programs and their role in both climate change adaptation and mitigation. The planned scale-up of Climate Smart Enhanced Public Works Program (CS-EPWP) across all 28 districts following an integrated catchment management approach from October 2022 is an opportunity to complement the existing SCTP. CS-EPWP is targeting 435,000 households (approximately 11 percent of the population), which would complement the SCTP as the current anchor SSN intervention which is currently covering 306,100 households (approximately 8 percent of the population), as of June 2022. Between these two anchor SSN interventions, coverage of social safety nets among the extreme poor will be expected to increase from the current 35 percent to over 85 percent, thereby increasing the scope of intersection between social protection and climate change.

5. Evidence shows that Malawi SCTP prepares poor people for adaptation to climate shocks by boosting food security and livelihoods. The SCTP has demonstrated consistency in improving food security, food consumption, and strengthening livelihoods (increasing asset ownership, reducing debt, and increasing savings). The SCTP provides monthly cash transfers averaging MK 9,000 (US$ 11) per household to ultra-poor and labor constrained households. Across the Africa region, Malawi’s SCTP has also produced some of the strongest outcomes in measures related to resilience and long-term opportunities. The SCTP helps households to build up resilience to economic shocks through increased investments in productive assets, specifically livestock holdings, durable assets, and fertilizer. The SCTP has led to an increase in household
micro-entrepreneurial activity and in the time spent on farm activities while also reducing the likelihood of household members engaging in *ganyu* (casual labor, outside the home) (de Hoop et al. 2017; Zezza et al. 2010; Covarrubias et al. 2017; and Boone et al. 2013). This is further cemented by findings from an endline survey on Impact of Malawi SCTP on Household Resilience, which found a noticeable increase in SCTP households adopting positive responses to shocks - 26 per cent for those in the lowest resiliency quintile to 59 percent for those in the highest resiliency quintile.

6. Malawi’s public works programme has also been redesigned to explicitly incorporate climate change adaptation and direct mitigation through creation of community assets that restore degraded watersheds, and enhance agricultural productivity. The overall objective of the CS-EPWP is to create visible, durable, and quality assets within micro catchments that will help to improve household resilience to shocks, increase impact on household-level incomes and food security, and reduce households’ exposure to risks associated with climate change and other disasters. The CS-EPWP aims at striking a balance between providing a social safety net and building climate resilience among the extreme poor using the integrated catchment management approach. It is aligned to the MNSSP II by delivering on both consumption support and resilient livelihoods objectives, but also building within its design a capability to scale up during shocks (shock-sensitive safety nets). CS-EPWP sub-projects fall mainly into three categories: soil and water conservation, forestry, and other infrastructure. Implementation of sub-projects is informed by watershed logic and seasonality aspects. The works are labor intensive and comply with the Environmental and Social Management Framework requirements. Roads sub-projects that are not capital-intensive, such as footpaths and road drainage channels that primarily provide access to the micro-catchment, are also implemented. Table 1 provides a list of the sub-projects under the three categories.

<table>
<thead>
<tr>
<th>Soil and Water Conservation</th>
<th>Forestry</th>
<th>Selective other infrastructure</th>
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<tbody>
<tr>
<td>1. Gully reclamation</td>
<td>1. Nursery establishment</td>
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<td>2. Contour ridging</td>
<td>2. Social forestry</td>
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<td>3. River/stream bank protection</td>
<td>3. Agroforestry</td>
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<tr>
<td>5. Construction of infiltration pits</td>
<td>5. Regeneration</td>
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<td>6. Construction of planting basins/pits</td>
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<td>7. Construction of soak pits</td>
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<td>8. Construction of storm drains</td>
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<td>9. Planting of vetiver nursery</td>
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<td>10. Terracing</td>
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<td>11. Organic manure making</td>
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Source: CS-EPWP Project Implementation Manual, 2019

The CS-EPWP considers seasonality aspects to ensure that the program does not undermine normal household agricultural livelihoods activities, in addition to ensuring that sub-projects are implemented within prescribed seasons for durable and sustainable community assets. This is also done to ensure CS-EPWP’s key contribution towards resilience building throughout the seasonal cycle. Poverty fluctuates substantially across the year, both in urban and rural areas, driven largely by the harvest season that runs from April to June. Poverty rates are lowest during the harvest season and increase thereafter. Figure 3 shows the seasonality chart, highlighting that most activities are implemented in the dry season when labor is in abundance and poverty is high.
7. **The CS-EPWP design has built in stronger provisions for voluntary community participation to ensure sustained management of watersheds for effective climate change mitigation.** Sub-projects are selected entirely from the village action plans within each micro catchment. Village action plans are developed by communities using community participatory processes, and subsequently consolidated as part of the District Development Plans. During the design stage of the pilot, CS-EPWP beneficiary communities indicated their willingness to provide community contribution through additional voluntary or unpaid working days outside the normal paid work schedule.\(^8\) This has instilled community ownership to the extent that communities are willing to maintain the created assets after programme implementation ends, thereby ensuring that assets are sustained beyond the programme duration.\(^9\) An evaluation of the pilot CS-EPWP has also shown community willingness to provide more voluntary days, having seen immediate benefits of CS-EPWP as summarized in Figure 4 below.

8. **Integration of climate-change mitigation elements into safety nets such as Climate Smart Public Works (CS-EPWP) has the potential to incentivize active involvement of the poor in supporting a transition to a climate-resilient future and a green economy.** Towards the end of 2022, Malawi is planning to roll out a nationwide CS-EPWP as a complementary safety net to the social cash transfer program targeting poor and labor constrained households. CS-EPWP will actively engage poor households through sub-projects based on integrated catchment management logic that includes construction of infiltration pits, gully reclamation, swale construction, contour ridging, and afforestation among others. The expected benefits from these sub-projects include reduced soil erosion, improved ground water and moisture retention, improved soil fertility, increased access to firewood and timber, and increased harvests, etc.\(^10\)
9. Social protection in Malawi has gradually shifted towards a broader resilience and adaptive safety nets approach by transforming and protecting poor people’s livelihoods, and adapting them to changing climate conditions. The broad adoption of a “cash plus” approach, across social protection in Malawi, has translated into deliberate overlay of economic inclusion interventions on regular social safety nets. This approach is embedded in the technical design for both SCTP and CS-EPWP, with an aim of maximizing the impacts of regular SSNs to build capacity for response and adaptation through encouraging climate change risk diversification and building skills and ultimately, addressing underlying vulnerabilities including climate change. For example, SCTP and CS-EPWP beneficiaries who also benefit from Community Savings and Investment Promotion (COMSIP) livelihood support interventions are trained on climate change adaptation and mitigation as part of a livelihood support training curriculum, that also includes a climate sensitive screening checklist for all potential livelihoods interventions that beneficiary groups plan to embark on.

10. Planned significant scale-up of CS-EPWP is also meant to support strategic reforms around Affordable Input Programme (AIP), which to a larger extent has encouraged usage of artificial fertilizers. The Government has committed to reforming AIP, including transitioning some of the AIP beneficiaries, especially those in the bottom wealth quintile (estimated at around 16 percent of total AIP beneficiaries) to appropriate social safety net interventions, especially the CS-EPWP. For instance, inclusion of organic manure making as a sub-project under CS-EPWP (refer to Table 1 above) provides an opportunity to enhance the intersection between social protection, AIP reform, and climate change adaptation.

11. The cash plus model of overlaying livelihoods support activities on core safety nets programs reinforces household resilience-building aspects of social safety nets. Programming for economic inclusion cannot be divorced from the vagaries of external shocks, vulnerability, and fragility. As such, livelihoods programmes have demonstrated significant positive impacts on beneficiaries’ productive assets, savings, incomes, and consumption, as well as livelihood diversification and resilience to shocks.11 In the past, economic inclusion programmes were being implemented piecemeal by local and international NGOs; however, recently there has been a shift to more government-led economic inclusion programmes implemented at scale. Most of these programmes piggyback on either the SCTP or CS-EPWP. For instance, the Government of Malawi is targeting to reach over 70,000 households that are existing beneficiaries of either SCTP or CS-EPWP with livelihoods support nationally, as part of the Social Support for Resilience Project (SSRLP), with funding from IDA.
from 2020 to 2025. An additional 22,600 individuals have been reached with economic inclusion interventions in nine districts under the Financial Access for Rural Markets, Smallholders and Enterprise (FARMSE) Programme, funded by IFAD and implemented by the Ministry of Finance and Economic Affairs (MoFEA), from 2018 to 2025. With the advent of COVID-19, economic inclusion became an integral part of COVID-19 recovery interventions for the poor, reflecting the growing need for livelihood programs’ adaptability and flexibility to support shock response and program design adaptability in the context of dynamic short- and medium-term needs.

12. Financing for regular Social Safety Nets (SSN) in Malawi is low, heavily donor-dependent and fragmented, which points at sustainability challenges, hence, risking social protection effectiveness in supporting climate change adaptation among low-income groups. The average expenditure on SSNs in Malawi was 0.8 percent of GDP between 2011 and 2019, strikingly below the sub-Saharan Africa region average of 1.2 percent. In terms of budgetary allocation, currently only 0.11 percent of the national budget is allocated to SSN. Development Partners provide approximately 94 percent of financing to the SCTP, which is also characterized by high fragmentation due to projectization of financing, as development partners utilize different funding modalities. In terms of high dependence on development partners, the situation is almost similar with public works. The anticipated massive scale-up of public works will also be entirely financed by IDA resources.

13. Nonetheless, nascent and growing linkages between climate change related disaster risk financing and social protection has the potential to address fundamental challenges around predictability of financing for shock-responsive social protection in Malawi. At present, only 6 percent of all safety net expenditure in Malawi including its adaptive safety net aspect is financed by the Government, which undermines the plan to realize a sustainably financed shock-responsive social protection system in Malawi. Consistent with the Malawi disaster risk financing strategy and financing plan, realization of a crucial role for shock-sensitive social protection hinges on risk financing options that include contingent financing and parametric insurance for climate related risks to pre-position financing for scaling-up social safety nets.
Scalability and Adaptiveness of Malawi Social Protection System

The assessment of scalability of Malawi’s social protection system is built on an abridged application of Part II of the stress testing tool for social protection, built in consultation with selected Government agencies and building more on existing analytical products, including Malawi Public Expenditure Review 2020: Strengthening Expenditure for Human Capital; Rapid Social Registry Assessment: Malawi’s Unified Beneficiary Registry (UBR); Malawi COVID-19 Urban Cash Intervention (CUCI) Process Evaluation Report; and the Seventh Edition of Malawi Economic Monitor: Realizing safety nets’ potential. In addition, the partial application of the Stress Test has leveraged a range of integrated household survey and administrative data, policy and strategy documents, program manuals, and other analytical reports.

Assessment of Programs

14. Malawi’s core SSNs are becoming more responsive to shocks, thus playing a critical role in supporting poor households in managing risk and accessing opportunities. Over 70 percent of the Malawian population lives below the international poverty line of US$ 1.90 per day, leaving them highly vulnerable, exposed to risk, and less able to access opportunities. Malawi’s susceptibility to shocks further compounds the risks faced by the poor. The social protection strategy, as embedded within MNSSP II, has increasingly given prominence to the adaptability of Malawi’s social safety nets towards shocks.

In addition to delivering regular social safety net benefits, the anchor social safety net program, the SCTP has increasingly been the base upon which post-shock response through social protection has been delivered. For instance, in response to the 2019 floods caused by Cyclone Idai, the SCTP scaled up its support by providing top-ups to 31,587 existing SCTP beneficiary households (vertical expansion) that were affected by the flooding in 5 affected districts, while NGOs supported horizontal expansion. In 2020, in response to the economic and social effects of COVID-19, the Government of Malawi in collaboration with its social protection partners including the World Bank, Germany (KFW & GIZ), Ireland, EU, UNICEF, WFP, and ILO implemented a novel COVID-19 Urban Cash Intervention (CUCI), drawing insights from the rural focused SCTP. The intervention covered nearly 140,000 households from the poorest hotspots of the four cities in Malawi - Lilongwe, Blantyre, Zomba and Mzuzu, with cash transfers amounting to MK 35,000 (US$ 42.76) per month over a three-month period.

This was a novel intervention considering that, despite Malawi having experience in implementing both rural regular and shock-responsive cash transfers, it was the first urban cash transfer in new geographical areas where no regular social safety net had been implemented, with the added complexity of an unfamiliar urban poverty, livelihood and vulnerability landscape that is completely different to the rural areas, where most of the social protection interventions are implemented. In addition, considering the shock-responsive nature of the intervention, it had to be designed and implemented rapidly. In this regard, COVID-19 exposed the vulnerabilities of the urban poor often regarded as the missing middle, which compelled government to bring in a new territory - “urban poor shock-response"- into its SSN programming. Further, SCTP beneficiaries received cash top-ups as part of cash transfer interventions, in response to the social and economic impact of COVID-19.

15. The SCTP has recently included a scalability mechanism to respond to droughts, making the SCTP more adaptive and directly contributing to adaptation to climate change. The scalability mechanism of the SCTP is designed to provide additional assistance to existing program beneficiaries, and expand to cover additional households when droughts occur. Implementation of the scalability mechanism operates on principles of pre-agreed rules for responding to
exceptional drought shocks. A Scalability Handbook has been developed by the Government which clearly stipulates the pre-agreed rules for timely responses. The mechanism is currently being implemented in three districts - Blantyre, Ntcheu, and Thyolo. The Government is looking to expand its coverage to additional districts and other climate-related shocks, in particular, floods in the coming years.

16. **Increasing use of government-led social protection interventions to respond to shocks, unlike previously humanitarian non-state actors dominated delivery, is an opportunity to enhance in-country shock-responsive capacity.** Humanitarian assistance, which is measured on provision of in-kind benefits - usually cereals (maize), pulses (beans), cooking oil and nutritious food, CSB (Corn Soya Blend) - to households affected by the damaging effects of climate shocks, covered 16 and 21 percent of the total population, and 19 and 26 percent of the poorest quintile, respectively, between 2015 and 2016. Humanitarian aid is also significantly provided outside the Government system and is not fungible. Since 2018, the SCTP has increasingly been utilized as a base for systematic shock-responsive social protection. This is being done mainly through vertical and horizontal expansion of the SCTP. This is desirable as the shocks affect the poorest most, and targeting resource poor households protects them from engaging in negative coping mechanisms. Design of the pipeline CS-EPWP also includes capabilities to scale-up during shocks, following similar vertical and horizontal expansion, providing stronger complementarities towards use of government-led social safety net interventions.

17. **Limited mix and coverage of individual social safety net interventions in Malawi is a gap that needs attention, balanced with financing needs.** Currently, the SCTP reaches 7 percent of the population against an extreme poor population equivalent to 20.5 percent, while public works has been downscaled significantly, from a peak of covering over 16 percent of the population in 2016 to covering less than one percent of total population with the pilot CS-EPWP in 2022. However, the planned significant expansion of CS-EPWP from end 2000 covering 435,000 poor households with labor capacity (or slightly over 10 percent of the total population as discussed above), provides an opportunity to expand social protection coverage in Malawi. A School Meals Program (SMP) covers 12.6 percent of the child population in Malawi as of 2019, making it the largest safety net, despite its focus on children and in-kind delivery of benefits. Currently, apart from SMP, no individual program covers more than 8 percent of the population. In this regard, SCTP retargeting and planned scale up of CS-EPWP offer an opportunity to address the coverage gaps, especially for interventions that target poor households in their totality (and not subsets or categories of poor household members). Furthermore, a strong complementarity between SCTP as the anchor SSN and other SSN instruments is paramount to a full realization of a balanced and cost-effective mix of social protection interventions that can effectively support resilience building among poor populations. However, the limited domestic financing for Malawi’s social protection system is a fundamental challenge that also needs to be addressed alongside program mix and coverage needs.

18. **Benefit levels for Malawi’s cash based social safety net instruments have nominally increased over time but are still deemed low, only representing an average of 4.8 percent of total welfare/ income for eligible households.** Although this is very small, it nonetheless represents an increase of 2.8 percentage points between 2013 and 2017. The narrative is even more encouraging when the analysis delves into individual programs and disaggregates for extreme poor households which are the de-facto focus groups for the SCTP and CS-EPWP. Average benefit levels for SCTP and CS-EPWP beneficiaries are MK 9,000 (US$ 11) and MK 10,800 (US$13.20) per household per month respectively. For example, with these benefit levels the SCTP represents 18.4 percent and 9.2 percent of the welfare of extremely poor and poor people, respectively. However, despite SSN benefits being modest, robust evidence demonstrates a positive impact in smoothening consumption and building resilience of the poorest households. In a review of 55 impact evaluations for 27 social safety net programs in 14 African countries, Malawi’s SCTP demonstrated the strongest outcomes in measures related to equity, resilience, and long-term opportunities. The SCTP contributed in building human capital through increased primary school attendance, with 23
percent increase in food consumption and health treatment-seeking behavior among beneficiaries. In addition, it helped households build resilience to economic shocks through enhanced investments in productive assets, specifically livestock holdings, durable assets, and fertilizer.

19. **Determination of a benefits package for shock-responsive social protection interventions lacks a standard “needs-based” methodology that guides planners in how to assess and determine a benefit package for shock situations.** In the past, determination of shock-response packages and benefits have not followed a systematic approach; the flexibility that comes with such an *ad hoc* approach despite this lack of standardization creates a challenge for post shock responses. For instance, scalable safety net mechanisms which operates on principles of pre-agreed rules for responding to shocks including transfer values for maximum 300,000 households that might be affected by exceptional drought conditions across selected number of districts between 2022 and 2025, aligns its benefit package to the determination undertaken by humanitarian structures including the Malawi Vulnerability Assessment Committee (MVAC), which is based on a minimum in-kind transfer package of inter alia cereals, pulses, cooking oil, and Corn Soy Blend. On the contrary, determination of benefit packages for CUCI was based on the prevailing minimum wage for formal employment. Recently, as part of the response to floods caused by Tropical Storm Ana, led by the Department of Disaster Management in close coordination with social protection agencies, an assessment team was set up to develop a harmonized tool that would help guide the development of a national response, including guidance towards determination of shock-responsive benefits. The harmonized tool is expected to put prominence on undertaking detailed analyses of needs for any particular shock situation, as a basis for a more reasoned approach to determining the transfer value for shock responses.

20. **In order to inform potential beneficiaries of an upcoming shock-responsive programme, Malawi leverages communication expertise and structures from the regular social protection programmes; but timely and adequate financing for communication activities needs improvement.** An existing communication taskforce which draws communication experts from different social protection programmes has been instrumental in developing communication messages and materials for the CUCI and scalable safety net programmes. In addition, SCTP structures at district and community level have been utilized as communication channels for the scalable safety nets. However, effective implementation of a comprehensive communication strategy that provides a wide range of communication channels has been a challenge in the recent CUCI, due to insufficient and delayed disbursement of funds. By its nature, timely response is key in shock-responsive social protection to effectively protect household welfare following a shock. In this regard, shock-sensitive interventions need to pre-plan, especially initial activities in the delivery chain such as communication activities and have financing ready for implementation, to ensure timely execution. Otherwise, delayed funding for communication activities risks patchy implementation of outreach activities in the quest for a timely response.

**Assessment of Delivery Systems**

21. **There is room for strengthening some stages across Malawi’s social protection delivery chain through digitization of social protection delivery systems to increase shock-responsive effectiveness.** There have been increasing investments in digitizing key aspects of Malawi’s social protection delivery system including the social registry also known as the Unified Beneficiary Registry (UBR), SCTP and CS-EPWP management information systems, harmonized electronic payments, and grievance redress mechanisms. This has meant that key processes across the delivery chain including intake and registration of potential beneficiaries, enrolment, payment of benefits, and case management have been automated within the various delivery systems. For instance, a rapid assessment of the UBR by the World Bank found that Malawi’s social registry’s institutional capacity and oversight were strong, its technology platform based on open-source software managed by a local Malawi government team performed well, and the quality of the data was solid. Thus, the
UBR has significant potential to improve and streamline poverty targeting. The Government’s current policy towards harmonized intake and registration of social protection interventions has supported 80 percent of both SCTP and livelihood support enrolment based on UBR data; 100 percent of CS-EPWP intake and registration will be based on UBR data from October 2022 - and 90 percent of shock-responsive safety nets in 2020/21 was based on UBR data. The policy intention is that all regular and shock-responsive safety nets must utilize the UBR for their intake and registration. Among its priorities, the UBR intends to link up with the national ID system to enhance the social protection’s system capabilities to uniquely identify and streamline its beneficiaries. In addition, it is also exploring innovative and efficient ways of updating UBR information regularly. These priorities aim at addressing concerns about effective targeting.

22. A harmonized digital payment system for social safety nets is gradually being rolled out; however, strides towards a beneficiary choice model of digital payments for SSN that crowds in efficiency gains and financial inclusion is yet to be realized. Delivery of social protection benefits is predominantly cash based, with 92 percent of all households on physical delivery of social cash transfers, and a lesser extent for shock-responsive safety nets. Progress is being made to migrate towards digital payments with close to 22 percent of all regular SCTP beneficiaries (64,888 households) expected to migrate to e-payment by July 2022, from 8 percent (24,448 households) in 2021. It is planned to migrate all SCTP beneficiaries (currently at 300,800 households) to e-payment by end 2023. This would include migration of all or a significant proportion of the 435,000 CS-EPWP participating households during the same time. The model is based on traditional procurement of selected payment service provider(s), who will ultimately cover a particular geographic area, as compared to other recommended models that allow beneficiaries to choose payment service providers based on their preferences. This is mainly driven by e-payment capacity limitations within social protection agencies, as well as a lack of investment towards payment gateways that could facilitate such a model within social protection. Nonetheless, current e-payment design already incorporates scalability during shocks through the deliberate inclusion of a specific provision or clause in all harmonized e-payment contracts for Malawi’s social protection system that allows contracted Payment Service Providers to expand e-payment coverage during shocks by piggybacking on existing contracts for regular social safety nets. Furthermore, the Malawian national payment system is increasingly becoming interoperable, such that transactions between different e-payment platforms including between mobile money platforms and banks is now possible. This ensures some degree of choice for beneficiaries between commercial banks and mobile money platforms, but more importantly, the flexibility to quickly scale up payments of safety net benefits during shocks. The Government has developed a roll out plan of e-payments for Social Safety nets, which has been strengthened by lessons learnt from CUCI process evaluation, Malawi’s first large-scale safety net to use e-payments based on mobile money platforms and regular safety nets payments in two districts that is based on a commercial bank payment service provider platform. The process evaluation for the CUCI, especially the payment of benefits, pointed to many potential enhancements including: improved liquidity availability by community-based mobile money agents; synchronised beneficiary intake and registration processes between programs and payment service providers to ensure consistency, alignment and uniformity of beneficiary data; and accessibility and availability of agents or pay points consistent with SSN program protocols. The lessons learnt are being incorporated in the scale-up for digital payments for safety nets.

23. Innovation around harmonized grievance and redress mechanism for social protection ought to be supported by accessible GRM platforms and timely resolution of grievances. As part of rolling out a harmonized GRM for all social protection interventions, a handbook has been developed to guide both SCTP and CS-EPWP in pioneering the roll-out. The harmonized GRM is expected to enhance coordination and eliminate duplication in receiving complaints and channelling feedback for all social support programs at community, district, and national levels. It also provides multiple platforms to report grievances (grievance boxes, toll-free line, and
grievance redress committees (GRC), etc.) and ensures that standard responses are provided for common grievances. The harmonized GRM for social support complements other existing traditional grievance redress platforms such as traditional leaders or village structures. The sector has further leveraged investments made into a toll-free line and a call centre that were set up as part of the COVID-19 response, that is currently being expanded to receive complaints and grievances for regular SCTP, CS-EPWP and other programmes, including sexual exploitation/abuse and Gender Based Violence (GBV). Accessibility and, therefore, functionality of GRM platforms has been a challenge, including, during the pilot under MASAF IV Public Works Program. This has also been compounded with delays in resolving grievances and providing feedback which raises questions regarding the capability of some of these platforms. For instance, during the COVID-19 response, the CUCI evaluation established that only 10 percent and 8 percent of all respondents were aware of the other GRM platforms in their ward and the Call Center, respectively. Moreover, GRCs were not active in all wards. The Call Center was established two months later than expected - its delayed roll-out not in line with other activities that were already under implementation, leading to slow grievance resolution and feedback, and a lack of clear procedures for complaint resolution.

Data and Information

24. There are nascent linkages between Early Warning Systems (EWS) for monitoring floods and droughts and shock-responsive social protection; however, this needs to be systematized to improve the efficiency of Malawi’s shock-responsive social protection. Floods and droughts are the most common hazards affecting Malawi and exposing its climate change vulnerabilities. Over the past five years, Malawi has experienced more than five major floods and seven droughts - and such events have only been increasing in frequency, magnitude, and scope over the years. The Famine Early Warning System Network (FEWSNET), and the Malawi Vulnerability Assessment Committee (MVAC) are the main early warning systems that have had some linkages with shock-responsive social protection for drought conditions, and acute food insecurity situations. In the past, FEWSNET and MVAC have informed shock-responsive social protection interventions, including the cash transfer based acute food insecurity response based on ECTs. FEWSNET is also part of a scalable safety net mechanism supported by the World Bank (through the Social Support for Resilient Livelihoods Project (SSRLP)), informing a secondary trigger for releasing pre-positioned financing from a contingency financing window within the project for a cash transfer-based drought response targeting 174,000 households across six drought-prone districts. The scalable safety net mechanism builds on ongoing shock-sensitive social protection efforts to systematize linkages between EWS and SRSP, especially taking advantage of technological advancements around satellite data and flood early warning systems.

25. UBR coverage has tripled in the past four years from approximately 602,719 households in 2017 to 1,928,314 households in 2021, but its role in shock-responsive social protection is affected by data recency. Currently, the UBR is in 22 districts with 11 pioneer districts having data at 50 percent, and the subsequent 11 districts at 100 percent. The UBR targets to reach
national coverage by end 2022, covering all the 28 districts of Malawi. This significant increase in coverage has been attributed to a shift in government policy from registering the poorest 50 percent rural households\textsuperscript{27} in 2016-17 to 100 percent rural household registration after 2018. The main motivation for shifting to 100 percent was to better position the UBR so that it becomes central to supporting delivery of targeted interventions, including disaster responses. Acute food insecurity or lean season response has already benefitted from having 100 percent UBR coverage, which makes it easier to undertake both vertical and horizontal shock-response interventions across districts that are regularly classified as Integrated Food Security Phase Classification (IPC) level 4.\textsuperscript{28} The UBR has effectively harmonized intake and registration for government-led social cash transfer, enhanced public works, scalable safety nets, and lean season response. Additionally, UBR supports shock-responsive social safety net interventions implemented by NGOs, and analytical work by research institutions. On average, UBR census sweep approaches are supposed to be undertaken every four years, but in practice this is usually done every five to six years. Inevitably, UBR’s role on shock-responsive social protection is to an extent affected by how long UBR data, once recorded accurately, is likely to remain accurate in support of shock responses. Going forward, UBR has a vision of moving, in the longer run, towards decentralized management to allow easy evolution towards on-demand registration or updates of the UBR compared to the current census sweep approach, which is also costly. In the immediate term and considering capacity limitations, an abridged census sweep approach to allow for partial updates in priority geographic zones, especially those that are disaster-prone or very vulnerable, has already been employed as part of the COVID-19 response in 2020-21. Partial UBR updates were undertaken in urban poor hotspots in support of the COVID-19 emergency cash transfers. Similarly, government could identify priority districts prone to climatic shocks, and ensure UBR data from these districts was updated annually to smoothly facilitate shock-response interventions. Furthermore, immediate efforts and innovations have also included utilization of big data, especially geospatial data to complement the UBR in SRSP.

\textbf{Figure 6: UBR coverage}

\begin{table}[h]
\begin{tabular}{|l|l|}
\hline
\textbf{District} & \textbf{Number of Households} \\
\hline
Karonga & 42,292 \\
Rumphi & 26,177 \\
Nkhotakota & 40,224 \\
Kasungu & 123,908 \\
Lilongwe Rural & 155,367 \\
Dowa & 79,067 \\
Nthawi & 46,597 \\
Ntchisi & 13,227 \\
Blantyre Rural & 34,818 \\
Chiradzulu & 34,818 \\
\hline
\end{tabular}
\end{table}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{UBR_coverage}
\caption{UBR coverage}
\end{figure}

Source: Compiled by authors using UBR administrative data

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26. A regularly updated social registry is part of the government’s priorities, as reflected in MIP-1 (2021-2030). MIP-1 highlights that the UBR is an important tool for informed targeting and provision of social support services; as such, it recommends annual updates for the UBR. However, updating UBR data annually at 100 percent using the census approach is costly; therefore, the Government should explore using innovative methods to update the UBR and targeting, such as remote sensing, big data analytics, deep machine learning, and artificial intelligence to ensure that UBR data is useful for a scalable and adaptive safety net. These could include complementing UBR data with big data to predict household welfare and poverty. This is a proven concept as other countries such as Togo used this approach to target the poor for its COVID-19 Emergency Cash Transfers. Togo used a two-stage approach: Stage One involved prioritizing the poorest villages and neighbourhoods using living conditions estimates from household’s survey data as ground truth and layering it with satellite data and other sources to contrast wellbeing using different geographic characteristics. Stage Two involved prioritizing the poorest individuals in the poorest villages using mobile phone metadata. The meta data was obtained from cell phone operators and included subscriber’s data on volume of mobile data usage and mobile money transactions, etc. to predict consumption.

27. UBR and social safety net programs Management Information Systems (MIS) have demonstrated the ability to be a bedrock for data and information flow in support of shock-responsive interventions. In 2020, the UBR was adapted to rapidly register potential beneficiaries for CUCI. To this end, the UBR hosts an additional 270,277 households from the four cities of Blantyre, Lilongwe, Mzuzu, and Zomba. The households were registered using an abridged version of the UBR’s harmonized data collection tool, referred to as Rapid UBR Data Collection Tool. In 2022, UBR updates will be done for the poorest 20 percent in Blantyre and Ntcheu to facilitate intake and registration of scalable safety, in response to drought. To complement the UBR, government has developed an Emergency Management Information System (EMIS) based on the regular SCTP MIS that supports shock-sensitive social protection; the EMIS pulls data from the UBR and any other data bases to support horizontal expansion of shock-responsive safety nets. The EMIS flexibility strengthens coordination of data and information around shock-responsive social protection from both UBR-supported and other interventions.

28. The utility of the UBR continues to broaden, including plans to integrate with the National ID System (NIDS); however, there is a requirement to improve data privacy and security. Currently, the UBR is integrated with programme MIS (SCTP and EPWP), and huge data is shared seamlessly through Application Program Interface (API). An inter-governmental agency memorandum of understanding (MOU) between the Ministry of Finance and Economic Affairs as the social protection policy holder and National Registration Bureau as the policy holder for NIDs has been signed on the 6th of May 2022 to enhance integration between the UBR and National ID system, particularly the utilization of the NID as the main source of reliable information to uniquely identify social protection beneficiaries, including for shock-responsive interventions. The integration is advantageous to the UBR as it will lead to interoperability of the two systems, enabling data pulling to run cross-checks for verification, or batch matches for data audits and quality control. Both the UBR and MIS for SCTP and CS-EPWP have sufficient data recovery mechanisms during shocks, being based on a dual platform of cloud-based servers with cloud disaster recovery, as well as physical servers within Malawi.

29. Efforts are ongoing to strengthen data privacy and security of the UBR. A maiden UBR security assessment was conducted in 2017 which informed subsequent cyber security upgrades of the UBR. In 2020, a legal review of the draft UBR Data Sharing protocols and procedures was conducted. The review found that the draft protocols comply with legitimate data usage legal requirements, and contain provisions to safeguard the privacy of data subjects. However, some areas of improvements were also identified such as the lack of technical review procedures to ensure stakeholders compliance. In addition, the UBR data sharing protocols needs improvements regarding addressing data access vis-à-vis third parties. Currently, the Government is developing
comprehensive data security protocols to incorporate emerging issues and standards around data privacy and security.

Financing for Adaptive Safety Nets

30. There is slow alignment and, therefore, implementation of the 2018 National Disaster Risk Financing Strategy. Malawi has a Disaster Risk Financing Strategy (DRFS) for the period 2018-2024, which outlines strategic priorities and financial instruments to be adapted. The DRF strategy seeks to enhance Malawi’s financial resilience to disasters through sound risk assessments; a portfolio of adequate disaster risk finance instruments; and implementation rules and arrangements over the 5-year period. As of June 2022, the Government of Malawi has only fully implemented two financial instruments in alignment with the 2018 approved National Disaster Risk Financing Strategy: (i) drought policies through the Africa Risk Capacity (ARC); and (ii) Financing Scalable Safety Nets/social cash transfers program using contingent financing and parametric insurance. Malawi is also exploring: (i) acquisition of a flood coverage policy with ARC, once the instrument is established and in place; (ii) the creation of a Disaster Risk Management (DRM) fund once the DRM Bill is approved; and (iii) how to launch a public asset insurance program. The innovative pre-positioning of financing through risk financing options for shock-sensitive social protection to support 174,000 households is a noticeable achievement in aligning and implementing the Malawi disaster risk financing strategy within the social protection sector (further details are provided below).

31. Financing of safety nets is not sustainable at current levels, given the social protection sector’s overwhelming dependence on external financing, and the growing prominence of shock-responsive social safety nets needs to be balanced with enhanced risk financing options. Putting in place pre-arranged finance to scale-up social safety nets in times of shocks, including climatic shocks, is critical to ensure the effectiveness of Malawi’s social protection system. The Government has established an SCTP scalable mechanism that uses two complementary ex-ante financing instruments (contingency financing, and a sovereign parametric insurance product). The mechanism will enable scale-up of SCTP in times of droughts, funded by the IDA social protection operation, complemented with Global Risk Financing Facility (GRiF) Trust Fund resources. It covers the three districts of Ntcheu, Blantyre and Thyolo for a 3-year period (2021 to 2024). Decisions to scale-up in response to a drought will be primarily triggered using objective, pre-agreed, quantitative remote sensing data and complemented by a secondary trigger, based on objective data related to food insecurity and expert judgment acting as a fail-safe. However, considering the huge impact of climatic shocks on livelihoods and poverty, going forward, the Government should aim at institutionalizing the scalable mechanism in its adaptive social safety net programming for timely response. The institutionalization could include expanding coverage beyond the three districts by engaging different donors to complement the World Bank financing, and increasing the government contribution in funding the ex-ante financing instruments.

Institutional Arrangements and Partnerships

32. A fragmented social protection sector challenges sectoral coordination efforts among stakeholders, including coordinated implementation of adaptive safety nets in response to climatic shocks. Malawi’s social protection sector is highly fragmented and donor dependent with over 90 percent of the programmes financed by donors. Several different line ministries are tasked with various aspects of implementing the programs, for example, the Ministry of Gender, Community Development and Social Welfare implements SCTP, while National Local Government Finance and the Ministry of Local Government implement CS-EPWP. The Ministry of Finance and Economic Affairs, especially the Poverty Reduction and Social Protection Division does not have sufficient human resource capacities to effectively oversee and coordinate all key aspects of the social protection system. MNSSP II has coordination structures that include National Social
Support Steering Committee (NSSSC) and Technical Committee (NSSTC), as the main coordination platforms. The proposed Thematic Working Groups (TWG), including one on shock-sensitive social protection, are not yet functional, which means the NSSSC and NSSTC also execute functions of TWGs, and therefore, have limited focus on strategic coordination issues. Activation of TWGs, especially the shock-sensitive TWG is critical for the harmonization and establishment of a common framework for the operationalization of adaptive safety nets in Malawi. Once functional, the TWG could prioritize issues around harmonization of key shock-sensitive social protection design parameters, including guidance on determination of shock response benefit levels, linkages with early warning systems, and risk financing options.

33. **Promising partnerships with humanitarian actors have the potential to improve effective implementation of shock-responsive social protection.** The successful implementation of Malawi’s COVID-19 emergency cash transfer has shown the value addition of partnerships between social protection and humanitarian actors. WFP utilized its vast experience in humanitarian work to support identification of hotspots as part of targeting during implementation of CUCI. It verified CUCI’s geographic hotspots, using satellite images overlayed on household data, which confirmed that the hotspots were objectively and accurately identified.\(^{31}\) Complementary efforts were also made by other stakeholders in navigating the uncharted urban areas, especially beneficiary and hotspot identification, which demonstrated the benefits of partnerships with several stakeholders including ILO, WFP, the Ministry of Lands, UN Habitat, and City Councils. It is also important for enhanced clarity in the division of labor, roles and responsibilities, including with payment service providers, early warning systems and humanitarian actors.

34. **Limited capacities and ineffective coordination at decentralized levels are significant constraints to the implementation of a more coherent adaptive safety net system, requiring capacity building and improved coordination.** UN agencies (ILO, UNICEF and WFP) developed a first-ever shock-sensitive social protection module within its regional TRANSFORM programme, with a few national officers being trained. However, this needs to be rolled out to train a larger pool of government officials and other implementers, especially at district level. The functionality of district-level coordination platforms, such as District Social Support Committees across all 28 districts, should be enhanced to ensure their prominent role (beyond coordinating SCTP) in improving coordination of CS-EPWP and shock-sensitive social protection. National-level partnerships across the core safety net interventions should converge on addressing these district-level constraints.
Conclusion and Priorities for Social Protection Sector

35. **Social protection is a key enabler for climate change adaptation and mitigation.** The strategic and fluid mix of Malawi’s social protection interventions that include SCTP, CS-EPWP, and economic inclusion interventions and their de facto focus on poor and extreme households is central to ensuring inclusive resilience building for priority segments of the population who are at risk of disproportionately being affected by climate change. Considering Malawi’s high vulnerability to climatic shocks, it is vital to embrace shock-responsive social protection that enables regular social safety net interventions that do not only adapt and scale up vertically or horizontally in times of shocks, but also actively involve the poor in direct climate change mitigation, and further strengthen the resilience building agenda. Malawi’s social protection sector needs to continue investing in its delivery systems, prioritizing investments towards scalable social registry/UBR, digital payments, program MISs and grievance redress mechanisms, so that they can be easily adapted to support shock-responsive social protection. In the medium-term, stronger shock-responsive coordination capacity and sustainability of social protection financing are strategic issues that the Government of Malawi needs to prioritize.

The Government of Malawi should prioritize the following to ensure that the social protection sector effectively promotes climate change adaptation, mitigation, and resilience building:

36. **Strengthen climatic shock-responsive capacity of social safety net programs and delivery systems.** Rationalization and expansion of the social protection system by specifically scaling up CS-EPWP should be prioritized, since it directly engages the poor in climate change adaptation and mitigation through conservation of catchments and complements the SCTP - the only major social safety net currently. Currently, SCTP only covers seven percent of Malawi’s population – especially, extreme poor and labor constrained households, against an extreme poor population equivalent to 20.5 percent of the population. As such, scaling up CS-EPWP is an opportunity to expand Malawi’s safety net by targeting the poor with labor capacity, while strengthening the poor’s involvement in direct climate change mitigation.

37. **Develop a sustainable social protection financing strategy that promotes increased domestic financing, donor harmonization and risk financing options such as contingency financing and market-based instruments (parametric insurance) in support of a shock-responsive social protection system.** Financing is a fundamental challenge to having an effective and sustainable social protection system. Currently, Malawi’s social protection financing is low, donor dependent and highly fragmented. Moving towards donor harmonization in terms of social protection financing would be a crucial step towards addressing sector financing fragmentation. Harmonized financing instruments such as Multi Donor Trust Funds (MDTFs) could provide a basis for donor harmonization, with prospects of both increased domestic financing gradually phasing in within the medium- to long-term as the fiscal situation improves, and building in risk financing options. The scalable safety net mechanism under implementation is a good example of the criticality of risk financing options in advancing climate change adaptation, with a key principle of facilitating early response. Pre-positioned financing that is part of an MDTF helps governments to better respond to shocks and helps the poor to less likely resort to negative coping strategies.

38. **Facilitate broader choice among digital payment mechanisms for social protection, especially for shock response.** Increasing migration of social safety net benefits delivery towards electronic payments based on both mobile money and banking payment mechanisms for regular social safety nets is an opportunity to build on. However, the migration has increasingly relied on a single payment service provider with single payment mechanism with limited flexibility for adjustment, and not fully utilizing interoperability capabilities of the payment landscape. This has implications for post-disaster environments, particularly since payment delivery systems are often interrupted during shocks. Enabling the gradual adoption of a choice model for e-payments of shock-sensitive social protection...
benefits and back-up payment delivery arrangements, with appropriate fiduciary oversight and controls, will help the Government deliver timely payments in large-scale climate shocks.

39. **Systematically link early warning mechanisms with shock-responsive social protection investments.** Pioneering work on scalable safety nets mechanism linking early warning systems with adaptive safety nets is a window of opportunity for systematically linking the two for a more effective shock response. The scalable safety net mechanism has optimally done this by establishing triggers for a drought emergency scale-up, linked to satellite-based rainfall and famine early warning systems, that facilitate automatic scale-up depending on pre-agreed metrics. Such systems enhance Malawi's social protection system preparation for timely and rapid response during shocks.

40. **Strong consideration should be given to increased adaptability of the social registry/UBR or enhanced complementarities with other readily available targeting data sources to support shock response intake and registration.** This could include pre-registration of areas with heightened vulnerability to various shocks, including geographic locations (for example, those vulnerable to natural disasters) and also priority categories of vulnerable groups (for example, older persons, people with disabilities). Advancements in the use of big data, especially, geospatial or phone data provides an opportunity to complement the UBR for shock response which should be fully exploited. This could greatly improve the response times and accuracy of future shock responses.
The bottom 50 percent was arrived considering that approximately 50 percent of the population live below the poverty line and these are targeted for SSN.

Nsanje, Chikwawa and Balaka are the districts with IPC level 4 [https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155612/?iso3=MWI](https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155612/?iso3=MWI) and simultaneously with 100 percent UBR coverage.


References


