

Malawi's Social Cash Transfer Programme

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Malawi has a population of over 17 million people, 50.5 per cent of whom are poor, and 25 per cent of whom are extremely poor. Some 10 per cent of the total population are thought to be living below the extreme poverty line in households with a high dependency ratio (i.e. three or more dependents for every household member who is fit for work). This part of the population, often referred to as 'unfit-for-work poor people', is the target population of Malawi's flagship Social Cash Transfer Programme (SCTP).

The country displays limited financial ownership of its social policies and programmes, which are mainly funded by international donors. No single donor is capable of completely funding the flagship social programmes in the entire country, and a corruption scandal ('Cashgate') led donors to cut funds to collective pools and to initiatives they do not run themselves. As a result, financial and managerial responsibilities over country-wide initiatives end up divided among many development partners, each responsible for certain districts, as is the case with the SCTP. This limits the breadth of the initiative and hampers the development of common tools, such as single registries. Up until 2012, donors also found it difficult to fund the SCTP, since it lacked a normative background. This problem was only solved when the proposal for the National Social Support Policy (NSSP), drafted in 2008, was approved in 2012.

Although the SCTP has always targeted those 'unfit-for-work poor people', its selection process changed in 2012 from being solely based on the discretion of social workers and community members to a mixture of community-based and proxy means-targeting models. The benefit formula of the SCTP has always consisted of a grant that increases according to the number of members in a household (up to four), plus an additional bonus for each child of primary-school age, and another—larger—bonus for each child of secondary-school age. In 2015, after impact evaluations found that the benefit was unable to provide an increase in consumption of at least 20 per cent to most beneficiary households, there was an increase in the benefit values, varying between 60 and 82 per cent in terms of USD purchasing power parity (PPP) at 2011 rates.

The most significant changes undergone by the SCTP, however, are related to its funding and governance arrangements and, subsequently, to the number of districts and households covered. At first, between 2006 and 2008, the programme comprised eight pilots, solely funded by donors (seven by the KfW Development Bank and one by Irish Aid), with no normative basis for scaling up the initiatives into a national programme or to promote its state

ownership. Later, between 2009 and 2012, the pilots were turned into a national programme meant to expand to other districts. However, funding challenges hindered this expansion. The current stage of the programme, since 2012 (when the NSSP was approved), has seen increased funding (with the participation of the World Bank and the European Union) leading to more districts being covered. By 2015, 19 of Malawi's 28 districts were covered, benefiting 163,000 households, and the World Bank was on track to fund and run the programme in the 9 districts not yet covered.

The best example of how the fragmented operation of the SCTP compromises its coordination at the national level is the stalemate between the World Bank and the other SCTP funders. Historically, the World Bank funds the Public Works Programme, which targets fit-for-work poor people (comprising roughly the second to fifth deciles of the income distribution) and is overseen nationally by the Local Development Fund (LDF). When it joined the group of SCTP funders, the World Bank insisted on piloting a registry that targets the first to fifth deciles of the income distribution, whereas other donors running the SCTP in other districts have used a registry limited to the poorest non-working 10 per cent of the population since 2012. The World Bank also insists that the SCTP should report to the LDF for oversight, whereas in other districts it reports to the Ministry of Gender, Children and Social Welfare (MGCSW).

Arbitrating which governance and registry option is the best for all districts is not an easy task, as all options reflect good motives. Nevertheless, it is fundamental that the different SCTP stakeholders find common ground for the sake of the programme's comprehensiveness and of the much-needed strengthening of Malawian institutions in the field of social protection. Meanwhile, the government should focus its efforts on reducing the space for corruption, therefore leading to an environment in which donors can contribute to a common funding basket for social protection, and on achieving more financial ownership of the SCTP, by relocating less progressive budgets such as the one spent on the Food Input Subsidy Programme.

Reference:

Arruda, P. L. 2018. "A Brief History of Malawi's Social Cash Transfer Programme (SCTP)." *IPC-IG Working Paper*, No. 172. Brasília: International Policy Centre for Inclusive Growth.