Piloting the Scale Up of the Malawi Social Cash Transfer Scheme

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Acronyms

AIDS	Acquired Immunity Deficiency Syndrome
BU	Boston University
CBO	Community Based Organisation
CFAR	Children and Family Research
CSPC	Community Social Protection Committee
CSR	Centre for Social Research
DC	District Commissioner
DEC	District Executive Committee
DoPDMA	Department of Poverty and Disaster Management Affairs
DSWO	District Social Welfare Officer
EU	European Union
GFATM	Global Fund for AIDS, Tuberculosis and Malaria
GTZ	German Technical Cooperation
HH	Household
MASAF	Malawi Social Action Fund
MoWCD	Ministry of Women and Child Development
M&E	Monitoring and Evaluation
NAC	National AIDS Commission
NGO	Non-Governmental Organisation
NSO	National Statistics Office
NSPPF	National Social Protection Policy Framework
OVC	Orphans and other Vulnerable Children
SCTS	Social Cash Transfer Secretariat
SPSC	Social Protection Steering Committee
SPTC	Social Protection Technical Committee
SPU	Social Protection Unit
SWA	Social Welfare Assistant
TA	Traditional Authority
TBD	To be determined
ToR	Terms of Reference
UNDP	United Nations Development Program
UNICEF	United Nations Children’s Fund
VDC	Village Development Committee
VG	Village Group

1. Introduction

This report summarizes the progress achieved and the challenges that still have to be met in the six areas of interventions in which the consultant was involved in the first half of 2007. In detail the report covers:

- An update on the performance of the Mchinji pilot social cash transfer scheme, which was designed from April to August 2006 (see reports 1 to 3) and is implemented since September 2006 (see report 4);
- The planning and preparation of the scale up the pilot scheme to 3 more districts in 2007 and to another 3 districts in 2008;
- The roll out of the scheme in Likoma District as the first step in the process of scaling up;
- Capacity constraints and capacity building activities at district and national level;
- Support for the process of elaborating a national social protection policy and programme for Malawi;
- The challenge of linking the social cash transfer scheme to ongoing social and economic programmes and services and of complementing the scheme with programmes that target ultra poor households which are not labour constrained.

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More information is available and can be downloaded at www.socialcashtransfer-malawi.org which has been launched in June 2007. The website contains the five progress reports that document the process of designing and implementing the pilot scheme as a component of the emerging social protection policy of Malawi. The website also contains the Manual of Operations of the Pilot Cash Transfer Scheme, the Guidelines for Internal Monitoring, all monthly monitoring reports of the Mchinji Pilot Social Cash Transfer Scheme since September 2006, the reports of the ongoing external evaluation by a team from Boston University and the Centre of Social Research of the University of Malawi, and a photo gallery.

2. Performance of the Mchinji Pilot Scheme

Information on the background and rational of the Mchinji scheme is given in Annex 1. This chapter summarizes preliminary information on the performance indicators.

By June 2007 the Mchinji scheme has covered 29 of the 34 village groups (VGs) in the pilot area. The remaining 5 will be covered by July. Table 1 provides information on the beneficiary household profile. The population in the 29 VGs is approximately 130,000 living in 26,769 households. 2,442 households (9% of all households) have been identified as meeting the eligibility criteria (ultra poor and labour constrained), were approved and receive monthly transfers.

Of the approved households, 1,604 (66%) are elderly-headed, 1,585 (65%) are female-headed and 34 (1.4%) are child-headed. The number of persons living in the beneficiary households is 11,170 of which 7,480 (67% of all household members) are children. 6,013 (80% of all children) are orphans. The average monthly transfer per household is MK 1,800.

The scheme submits monthly monitoring reports to the Social Protection Unit (SPU). These reports indicate:

- The beneficiary households have received their transfers in a timely and reliable manner;
- Changes in beneficiary households (like death of the head of household) have been administered in accordance with the Manual of Operations;
- All cost-effectiveness indicators are positive. Costs for delivering the transfers are below 2.5% of total costs. The share of operational costs is less than 15% of total costs of the scheme;
- The roll out of the scheme was slower than planned (the target was to cover the pilot area by March 2007), mainly because NAC funds for operational costs were delayed;
- Since November 2006, CSPC members ask for at least some modest incentives (in addition to receiving a T-shirt) that show appreciation for the work they are doing for the scheme. Their complaints have been highlighted in a number of the monitoring reports submitted by the district. This is a problem that cannot be solved at district level. It requires decisions at national level in order to arrive at a solution that meets the needs of the CSPCs, takes into account their status as volunteers, is cost-effective, and is in line with the philosophy of the cash transfer scheme (**cash** empowers – **in kind** neglects the autonomy of the recipients).

The first report of the external evaluation component of the Mchinji scheme by a team from Boston University and the Centre for Social Research of the University of Malawi provides baseline survey data for 400 beneficiary households and 400 control group households. According to the report the scheme has achieved high

Table 1: Statistics of the Mchinji pilot social cash transfer scheme – June 2007

NO.	NAME OF T.A. (sub-district)	NAME OF VILLAGE GROUP HEAD	NO. OF HHs IN VILLAGE GROUP	NO. OF BENEFICIARY HOUSEHOLDS					TOTAL NUMBER OF PERSONS IN BENEFICIARY HOUSEHOLDS	NO. OF CHILDREN IN BENEFICIARY HOUSEHOLDS	NO. OF ORPHANS IN BENEFICIARY HOUSEHOLDS	NO.OF ELDERS IN BENEFICIARY HOUSEHOLDS	NO. OF PERSONS WITH DISABILITY
				FEMALE HEADED	MALE HEADED	TOTAL	ELDERLY HEADED	CHILD HEADED					
1	Dambe	Chalunda	1,187	64	41	105	80	0	461	313	239	101	9
2	Dambe	Chilowa	387	19	12	31	11	0	150	110	63	12	5
3	Dambe	Chimwala	793	41	30	71	42	0	384	290	260	59	6
4	Dambe	Dambe	1,004	59	41	100	48	5	590	432	377	58	8
5	Dambe	Kakunga	1,917	79	42	121	50	1	722	560	415	58	9
6	Dambe	Kambuwe	310	18	10	28	21	0	82	53	43	21	2
7	Dambe	Khwere	174	13	4	17	12	0	88	68	64	22	1
8	Dambe	Mphanda	1,081	57	51	108	75	1	566	415	279	92	3
9	Dambe	Mtopola	1,081	49	29	78	67	1	175	149	134	65	4
10	Dambe	Nthema	1,124	69	39	108	66	3	529	418	395	72	11
11	Dambe	Panye	784	42	35	77	38	2	404	278	114	48	8
12	Kapondo	Chankhanga	1,354	83	52	135	77	1	764	565	472	86	10
13	Kapondo	Chapakama	351	19	15	34	29	1	188	137	116	35	5
14	Kapondo	Chiwoko	393	32	7	39	32	0	150	102	99	32	3
15	Kapondo	Chiti	861	56	26	82	56	2	222	124	103	58	10
16	Kapondo	Kalulu	1,162	62	44	106	65	0	682	493	434	82	13
17	Mduwa	Chimongo	980	72	23	95	43	1	299	187	183	77	6
18	Mduwa	Mduwa	1,146	67	43	110	100	1	389	239	172	114	16
19	Mduwa	Mkangala	1,018	75	25	100	74	0	311	178	167	142	10
20	Mduwa	Mtunga	375	24	14	38	30	0	200	147	119	90	5
21	Mduwa	Mzama	922	50	33	83	73	0	312	200	178	90	3
22	Mduwa	Nduwa	1,255	77	38	115	93	0	492	335	229	87	9
23	Mduwa	Thomasi	1,160	81	35	116	68	4	559	396	320	71	10
24	Nyoka	Kachamba	683	46	18	64	42	2	216	132	107	43	6
25	Nyoka	Kangwere	632	41	23	64	52	3	689	143	52	60	6
26	Nyoka	Mkunda	1,340	77	36	113	82	3	354	207	171	100	17
27	Nyoka	Ndooka	1,221	74	34	108	52	0	517	408	331	91	11
28	Nyoka	Nyoka	898	63	23	86	59	1	289	166	160	70	7
29	Nyoka	SIVIMA	1,176	76	34	110	67	2	386	235	217	80	19
TOTAL			**26,769**	**1,585**	**857**	**2,442**	**1,604**	**34**	**11,170**	**7,480**	**6,013**	**2,016**	**232**

effectiveness of targeting – the inclusion error is only 6.6%. The report also states that 80% of the beneficiary households are in one way or other HIV/AIDS affected.

Since its start in September 2006, the Mchinji scheme has been visited by numerous national and international delegations. On 22nd May 2007, there was an official ceremony that was attended by ministers, members of parliament, permanent secretaries, representatives of donor agencies, District Assembly officers, chiefs, CSPC members and beneficiaries to mark the historic occasion that since April 2007 all costs for transfers and for the operation of the scheme are funded by NAC. UNICEF, who funded the design phase of the scheme (April to August 2006) and the initial pilot phase (September 2006 to March 2007) will in future continue to provide technical assistance.

While the facts listed above indicate that the scheme has so far been a success, the sustainability of this success is not yet certain. The future performance of the scheme depends to a large extent on how the transition from UNICEF funding to NAC funding is managed. Will NAC manage the funds allocated to the scheme in a flexible and client friendly way without excessive bureaucracy? Will the District Assembly meet the NAC requirements and adhere to their regulations? Will both partners solve conflicts and misunderstandings without delay?

The first weeks of the NAC-District Assembly cooperation show that there are challenges for both partners. So far payments to beneficiaries have still been delivered in time. Considering the precarious situation of the beneficiary households, payments must never be delayed. In other words: reliable and timely delivery of transfers to beneficiary households will be the litmus test for the quality of the NAC–District Assembly cooperation. All stakeholders of the Mchinji scheme should closely monitor this indicator and raise alarm if it should ever fail.

3. Preparation of the Scale up to Six Additional Districts

Based on a Cabinet decision made on 8th November 2006, on funding commitments by NAC and on financial and technical assistance provided by UNCEF, the following districts will start social cash transfer pilot schemes:

- Likoma June 2007
- Machinga September 2007
- Salima November 2007
- Mangochi March 2008
- Phalombe June 2008
- Chipita September 2008

In order to prepare the districts for the scheme, a capacity assessment was conducted in Likoma, Mangochi and Salima Districts (using the guidelines given in Annex 2). As a result of the assessment, UNICEF has provided funds for the rehabilitation of offices, vehicles (where required), computers, printers and photocopiers. MoWCD ensures that qualified DSWOs and Social Welfare Assistants are in place. The DAs promised to identify the pilot regions and provide an inventory of VGs, villages and number of households per village. These data are required for planning the schemes (see point 4 in Annex 2).

Unfortunately, the DAs provided these data either with considerable delays (Likoma) or not at all, leaving doubts with regard to the quality of their leadership, administrative capacity and/or commitment.

Following the capacity assessment the next steps in preparing the districts for the scheme are two day workshops to elaborate a logical framework, a plan of activities, budgets for 2007 and 2008 and a funding proposal for NAC. These workshops have been conducted for Likoma (12 to 14 May) and Machinga (21 to 22 May). They involved officers from DoPDMA, MoWCD, NAC, UNICEF and from the respective DAs (see workshop report and NAC proposal for Machinga in Annexes 3 and 4). The workshop for Salima will be conducted once the DA has finally compiled the data on VGs, villages and households mentioned above.

ToR for an external evaluation of the scaling up process to six more districts has been drafted (see Annex 5). Negotiations with research institutes which are interested in conducting this evaluation are under way.

4. Training of Assembly Officers and Roll out of the Scheme in Likoma District

As Likoma is a small district with only 2,000 households living in three VGs, the training of Assembly officers and the roll out of the scheme was done simultaneously during the period 4 June to 2 July 2007 (see schedule at page 15 of annex 6). During this period, the Likoma officers were assisted by two officers from Mchinji, two officers from MoWCD and by the consultant.

The targeting and approval cycle for the first VG (Chalunda) was conducted by the experienced officers from Mchinji. The cycles for the second and third VGs (Nkhwemba and Chizumulu) were done by Likoma officers while the officers from the mainland assisted and observed. Each cycle was evaluated and open questions were discussed and clarified. As a result of this process, the Likoma officers are now well qualified to manage the scheme.

Table 2 shows the profile of the households that have been approved during the first two cycles. Of the 1,467 households living in Chalunda and Nkhwemba 134 (9.1%) have been approved. 97 of the approved households are female-headed (72%), 96 are elderly-headed (72%), and one is child-headed. Of the 484 persons living in the beneficiary households 271 (56%) are children, of which 222 (82%) are orphans.
The average monthly transfer per beneficiary household amounts to MK 1,654. Approved beneficiary households will receive their first transfers in the last week of July.

Except for the following three differences, the Likoma and the Mchinji schemes are identical:

- In order to improve the training of the CSPC members the training period has been extended from one day to two days (see training schedule in Annex 7);

Table 2: Statistics of the Likoma Pilot Social Cash Transfer Scheme

No.	Name of GVH	Name of zone	No of House holds	No of beneficiary households				No. of persons in beneficiary households	No. of children in benefic. households	No. of orphans in beneficiary households		No. of elderly persons in benefic. households	No. of persons with disability	Approved Transfers
				Total	Female headed	Elderly headed	Child headed			Total	Double			
1	Chalunda	Chako	318	25	21	17	0	93	56	55	25	18	2	43,000
		Chima	283	24	19	21	1	67	35	31	14	25	7	35,400
		Umodzi	184	17	9	8	0	45	26	15	10	13	0	18,400
2	Nkhwemba	Tigwirizane	225	23	18	15	0	108	58	47	17	16	9	49,000
		Tiyanjane	255	20	15	15	0	74	46	41	14	18	3	33,000
		Yoma	202	25	15	20	0	97	50	33	8	27	4	42,800
TOTAL			**1,467**	**134**	**97**	**96**	**1**	**484**	**271**	**222**	**88**	**107**	**25**	**221,600**

- The beneficiary cards have been redesigned. They now provide essential information on the household structure and on how the volume of the transfer has been calculated. This will hopefully contribute to making the scheme more transparent to the beneficiaries and other stakeholders (see Annex 8);
- The frequency of payments has been changed from monthly to bi-monthly payments. This has been done because the delivery by boat to Chizumulu is extremely expensive (see page 58 in Annex 6).

The two first improvements will also be introduced in Mchinji and will be integrated in the Manual of Operations.

5. Capacity Building

The three main preconditions for establishing an effective and sustainable social cash transfer scheme are political will, secure funding and appropriate implementation capacity. While the political will for establishing a social cash transfer scheme in Malawi is strong and funding for the next 30 months is secured (by the Global through NAC), the bottleneck for the roll out of the pilot scheme is limited implementation capacity at district level (see Chapter 3) and especially at national level.

In spite of the strong political will and ownership, the management of the scheme at national level has up to now been done to a large extent by the support of the UNICEF desk officer assisted by the consultant. The slow reaction to the delay of NAC funds, which derailed the roll out of the Mchinji scheme, and to the lack of CSPC incentives (see page 6) shows that the national level management of the scheme needs to become more effective.

In order to improve this situation the following measures have been taken:

- MoWCD has appointed two senior officers to form the national Social Cash Transfer Secretariat (SCTS), which reports to the Ministry and informs the SPU. One of the officers has been posted in Mchinji during April in order to acquaint himself with the scheme. Both officers have accompanied the party that conducted the planning workshop in Machinga (see Annex 3). They also joined the training and roll out phase of the Likoma scheme. All these activities served as an on the job training. The two officers will now take over the management of the scheme at national level in a step by step process (see TOR of the Social Cash Transfer Secretariat in Annex 9);
- From 22 to 24 May the consultant conducted a training on social protection and social cash transfers for 117 students and a number of lecturers at Magomero College (see Annex 10). After graduation in August these students will become the future Social Welfare Assistants and Community Development Assistants;
- In April/May, 20 officers from Likoma, Machinga and Salima have been trained for one month by the Mchinji Social Cash Transfer Scheme and have studied how the scheme is implemented.

6. Elaborating the Malawi Social Protection Policy

Based on a number of preceding workshops and studies, which have been conducted between 2002 and 2007 (the most recent are a Social Protection Framework and a Social Protection Status Report), a working group of the Social Protection Technical Committee conducted a workshop from 5 to 9 February 2007 in Salima. The task of the workshop was to produce a draft social protection policy and a roadmap for the further refinement of the policy document until presentation to Cabinet which was planned for August 2007. The workshop was moderated and the resulting draft was edited by the consultant (see Annexes 11 and 12).

Since then this draft has been discussed and amended involving different groups of participants and editing teams. While trying to accommodate the comments and concerns of different stakeholders the draft seems to loose focus, consistency and logic and seems to shift from a needs-oriented approach to a programme-oriented approach. The roadmap has also been revised a number of times and has been extended to November 2007.

However, in this process a broad consensus has been achieved on the following important issues:

- The overall goal of social protection in Malawi is to reduce ultra poverty and prevent moderately poor households from falling into ultra poverty;
- The target set for this goal is to reduce the ultra poverty rate from the present 22% to 10% by 2015. There seems to be a consensus that this target is realistic and affordable;
- It has been recognized that ultra poor households are not a homogenous group but that there are distinctly different categories of ultra poor households which require different types of interventions;
- It has also been recognized that for ultra poor households, which are labour constrained, (the destitute) social cash transfer schemes implemented by the District Assemblies may be a feasible and cost-effective intervention that has a significant social protection impact. This has to be verified by the ongoing external evaluation of the Mchinji scheme and by an evaluation of the performance of the schemes in the additional six pilot districts;
- Finally there is a broad consensus that social cash transfers should not be a stand-alone intervention but have to be linked to other services and have to be complemented by interventions that target ultra poor households which are not labour constrained and by interventions that prevent moderately poor households from falling into ultra poverty.

In order to achieve a policy draft that is based on the consensus summarized above and that can be presented to Cabinet by the end of 2007, the consultant recommends that the participants of the Salima workshop hold another five day meeting in which they screen all recommendations for improvements that have been provided by different stakeholders in the last four months. They should than integrate those inputs, which fit into the basic logic of the original design and produce a consistent, realistic and reader-friendly second draft and a streamlined and equally realistic road map for the final steps of the process.

7. Social cash transfers should not stand alone

Linking beneficiary households to other services

Cash transfers solve a considerable number of the problems faced by the beneficiary households and improve their access to a number of services. Cash provides access to food and other basic necessities. Cash is used for transport to health centres and hospitals which is of special importance for persons on ARV therapy. Cash is used for school requirements thus providing access to education. Cash is even used for seeds, fertilizer and for paying labour, thus giving access to economic activities.

However, many beneficiary households face problems which cannot be solved by cash alone or which would be solved more effectively, if the households would receive guidance on how to make best use of the cash. Cash transfer recipients should therefore be linked to other services depending on their specific needs. Some require HIV/AIDS testing and counselling, some need home-based care or psycho-social support. Others have to be made aware of how and when to enrol their children in school, how to improve nutrition or how to acquire mosquito nets offered ongoing social marketing schemes.

Both, the Mchinji and Likoma schemes will address the issue of linkages to other programmes as soon as they have completed the role out phase. UNICEF will provide technical and financial assistance.

Complementing social cash transfers for labour constrained ultra poor households with programmes targeting other ultra poor households

While approximately 10% of all households in Malawi are ultra poor and labour constrained, another 12% are ultra poor even though they are not labour constrained. In order to lift all the 22% ultra poor households over the ultra poverty line, the social cash transfer schemes (which target exclusively ultra poor labour constrained households) have to be complemented by programmes that target ultra poor households with labour.

It is unfortunate that since the process of designing and implementing the pilot social cash transfer scheme started in April 2006, no progress has been made with regard to adjusting existing programmes (like public works) or piloting new programmes (like cash for assets) to the needs of the 12% ultra poor households with labour.

It is essential that organisations like WFP and a number of NGOs, who are considering to pilot cash transfers, do not duplicate the social cash transfer scheme, which is already piloted in a growing number of districts, but complement the Mchinji type schemes by focusing on the ultra poor households with labour. The consultant has emphasised this need in his contributions to the social policy drafting process. During a workshop on cash transfers organized by WFP on 24 May in Blantyre the consultant has given a presentation which again emphasized the need for programmes tailored to the needs of category C households (see annex 13). It is, however, not yet certain if WFP will take up this challenge.

Annex 1: Background information on the Malawi Pilot Social Cash Transfer Scheme

Rationale and objectives

Social cash transfers are an emerging concept that is rapidly gaining ground in Sub Saharan Africa. Cash transfers are a Government response to the growing number of households that have lost all breadwinners, mainly due to the AIDS pandemic. Based on preliminary evidence, it is estimated that 10% of all households in countries like Malawi and Zambia are ultra poor and labour scarce. Most of these households are headed by a grandmother who is caring for a number of orphans without assistance from anybody. Other households of this category are headed by disabled persons, chronically sick persons or children with no adult fit for productive work. These households cannot benefit from labour-based programmes like micro-credit or food/cash for work and have therefore been bypassed by ongoing interventions.

In recent years Mozambique, Lesotho, Botswana, Zambia, Ethiopia and Kenya have started social cash transfer programmes. Other countries like Uganda, Ghana and Rwanda are in the process of designing social cash transfer pilot schemes. In March 2007 Uganda has sent a high level Government delegation to learn from the experience gained in Mchinji. The schemes in these countries are financed from national budgets and are supported by technical and financial aid from partners like EU, World Bank, DfID, GTZ and UNICEF and by the Global Fund for AIDS, Tuberculosis and Malaria.

In Malawi a pilot programme commenced in Mchinji and will be rolled out in Chitipa, Likoma, Salima, Mangochi, Machinga and Phalombe. This is a result of the Cabinet paper that was approved on 8th November 2006. For 2007 - 2009 the Malawi pilot programme is financed by NAC (Global Fund and Pool Fund which consists of contributions from the World Bank, DfID, CIDA and NORAD) and receives technical assistance from UNICEF. NAC is involved because an estimated 70% of the beneficiary households are in one way or the other HIV/AIDS affected. UNICEF is involved because 65% of the members of the beneficiary households are children living in critical circumstances.

By June 2007 the scheme has covered 4 TAs of Mchinji District and is reaching 2,442 ultra poor and labour scarce households with 11,170 persons of which 7,480 are children. The scheme is inclusive, because by using the eligibility criteria ultra poor and labour constrained, it reaches out to those elderly, OVC, chronically ill and persons with disabilities, who most urgently need social welfare interventions.

Each household receives on the average a monthly cash transfer of MK 1,800 (scaled according to household size). The implementation of the scheme is entirely managed by the District Assembly which is using community committees for the targeting and supervision. Monthly monitoring reports of the Mchinji scheme show that the implementation is cost-effective. Administrative and logistical costs of the scheme are below 15%. An external evaluation by a team from Boston University and the University of Malawi Centre for Social Research is under way.

The pilot scheme has the task to shed light on such questions as to whether cash transfers are affordable, whether the District Assemblies have the capacity to implement the scheme, what are the costs and benefits, and whether this new concept could fuel the dependency syndrome that of late has concerned Malawians. Below are some preliminary insights with regard to the technical and financial feasibility, with regard to the impact on the livelihoods of the most vulnerable members in our society and with regard to the impact on the local economy.

Impact of the Mchinji Scheme

The cash transfers increase the income (cash and kind) of the beneficiary households on the average by 100%. As a result these households are lifted above the ultra poverty line. Once all the approximately 250,000 ultra poor and labour scarce households in Malawi are reached by the scheme, the current ultra poverty rate of 22% will be reduced to 12%. Considering that all the poverty reduction efforts of recent years had no significant impact with regard to reducing ultra poverty, this impact would be a substantial victory in the fight against poverty.

At household level the cash transfers are spent mostly on food and other necessary commodities such as salt, sugar, soap, cooking oil, on clothing, on schooling related expenses and on medical care. People on ARV drugs use some of the money for transport to the hospitals and for improved nutrition. Monitoring by the District Welfare Officers indicates that the money is spent wisely. Instances of misuse are rare and are dealt with by the community committees who are counselling the beneficiaries.

On average beneficiaries invest one quarter of the money for purchasing labour for their gardens, for fertilizer, for small livestock such as goats and chicken and for improving their shelter. These small investments serve as income generating assets which increase the resilience against shocks. However, the most important impact is the increase in school enrolment, attendance and educational achievement. Considering that the majority of the members of the beneficiary households are children, the transfers can be regarded as an investment in human capital.

Economic multiplier effects

The fact that the beneficiaries spend their money locally stimulates rural employment and rural production especially in agriculture, low cost housing and trade. The transfers are a direct cash injection into our cash strapped rural economy. The Boston University evaluation will try to estimate the multiplier effect of each Kwacha transferred by the scheme.

Dependency syndrome

Households targeted for social cash transfers are already dependent because the members will starve if they do not get assistance until the children have grown up. The assistance given to the households is an investment in the children, who - once grown up, educated and healthy - will take the household out of the dependency. Due to the elaborate targeting mechanism employed in the programme, the cash transfer targets exclusively labour scarce households who cannot participate in labour-based programs. The targeted households are daily struggling to survive and rely on a consumption expenditure of less than MK27 per person per day (IHS 2005). The household members are the most vulnerable people in our society i.e. the orphans and other vulnerable children, the chronically sick, HIV/AIDS infected and affected households, the elderly and people with disabilities.

Costs and budgetary implications

The costs of the scheme amount to USD 144 per household per year (12 times USD 12) for the transfers and USD 24 for administration and logistics. Once the scheme is reaching all the 250,000 ultra poor and labour scarce households in Malawi the annual costs will amount to USD 42 million. Due to limited implementation capacities at national and district level it will, however, take a number of years before the up-scaling can be completed. The full amount of USD 42 million will therefore not be required in the immediate future.

In order to put the amount of USD 42 million in perspective it has to be compared with the approximately USD 150 million which are annually spent on social protection and emergency aid. Emergency aid can be reduced because the scheme improves the beneficiaries' resilience against shocks. Savings also result from the fact that cash transfers are much more cost-effective compared to transfers in kind.

The financing of the scheme in the seven pilot districts mentioned above (4 TAs per district resulting in approximately 20,000 beneficiary households) is secured for 2007-2009 by the NAC commitment and UNICEF technical assistance. Assuming a positive evaluation of the pilot schemes, progressively increasing funds are required for the up-scaling from 2010 onwards. For long term financial sustainability the Social Protection Steering Committee (SPSC) has recommended a Social Protection Basket Fund financed by commitments from Government and from development partners like the UN, EU, DfID, World Bank, from the Global Fund and from others.

For Government the commitments to the basket fund are in line with the Malawi Growth and Development Strategy (MGDS) which has a provision for social protection and risk management of 5.4 % of the total budget in the 2006/07 financial year. This budget could be expanded once the fuel levy is operated according to laid down plans and if there is re-allocation from the HIPC initiative as a pro-poor expenditure. For the development partners the commitment is in line with the Commission for Africa Report (2005). The report urges donors to support all African countries to develop social protection strategies by 2007 and calls on donors to commit to long-term, predictable funding of these strategies, starting at USD 2 billion a year immediately and this is expected to increase to USD 5-6 billion a year by 2015.

However, it has to be taken into account that the cash transfers are strictly limited to those 10% ultra poor households that are labour constrained. The 12% ultra poor households that have labour will require labour based programmes that provide employment and encourage income generating activities. Cash transfers therefore have to be seen as one component of a social protection strategy that consists of a number of programs which complement each other. In other words: Social cash transfers should not be seen as a stand alone programme. The costs for programmes targeting ultra poor households with labour have not yet been estimated.

Macro level implications

- The successive reduction of the ultra poverty rate from the current 22% to 12% would indicate that Government is finally succeeding in reaching the poorest of the poor, in reducing income disparities, and in achieving significant progress with regard to poverty reduction and social protection of the most vulnerable;
- The gradual shift from temporary emergency aid in kind (mostly food aid) to reliable and well targeted social assistance in cash will not only reduce poverty and vulnerability but will also be more cost-effective (significant savings in administrative and logistical costs), will avoid the disincentive effects of food aid, will stimulate local production and local markets, and will immediately contribute to rural development and to economic growth;
- The investment in human capital (health and education of the children in ultra poor households) will have a long term positive impact on economic growth;
- As social cash transfers can be directly implemented by the Local Assemblies (in contrast to emergency aid which is implemented by NGOs) the concept is in line with the Decentralization Policy and gives Government full control over this core component of social protection;
- The fact that delegations from neighbouring countries have visited Mchinji (Uganda and Zambia) and that others are requesting to be invited (Ghana and Swaziland) shows that the Governments' efforts to test innovative social protection concepts are internationally recognized and appreciated.

Annex 2: Guidelines for Assessing the Capacity of a District Assembly to Implement a Pilot Social Cash Transfer Scheme

1. Introduction

The assessment is required in order to:

- Determine which districts have the potential to start a Pilot Social Cash Transfer Scheme in 2007
- Which capacity building interventions are required before a Pilot Scheme can commence in the respective district. Such interventions may include provision of equipment and training as well as ensuring that the district has the appropriate staff in terms of quantity and quality.

The assessment should collect and triangulate information from the following three sources:

- Inquire from organisations on national level (e.g. MASAF, UNDP, GTZ, UNICEF, NAC) how district departments and district officers are performing with regard to the programs that these organizations are supporting in the respective district
- Conduct interviews and a stock take on district level
- Give the district officers a task and assess their performance based on how they accomplish the task

2. Information from Organizations on National Level

Interview desk officers of organizations on national level who are involved in district level programs. Find out from each organization:

- Which programs are supported? Time frame? Volume?
- Which district departments are involved in implementing the programs? How do the different departments perform? Which officers perform exceptionally well?
- Ask in detail for all relevant experience with regard to the performance of the Department of Social Welfare
- Are program funds channelled through the district Development Fund? How is the performance of the Department of Finance with regard to administering the program funds? Has there been any incidence of fraud or any other finance related problems?
- What is the overall assessment with regard to the capacity of the District Assembly compared to other districts? Which are the main strengths and weaknesses?
- Has the district (especially the Welfare Department) the capacity to take on an additional very demanding program?
- Who would have to do what to strengthen the district capacity?

Summarize the information received from the interviewed organizations in a clearly structured report which indicates which data have to be verified by an inspection on district level.

3. Inspection on District Level

The task of the inspection on district level is to verify the information received on national level and to assess the capacity issues listed below. The inspection can be done in 2 days. As the scale up will be financed by NAC and NAC may have specific requirements for managing the funds, a NAC representative should be member of the inspection team.

- Are the District Commissioner and the Department Heads keenly interested in the Scheme and will they give it priority with regard to allocating scarce resources (staff, time, vehicles)? Which departments would actively cooperate?
- What is the capacity of the Department of Social Welfare in terms of staff (quantity and performance)? How many offices are available to the Department and are they managed professionally (take photos)? Is the Department equipped with computers, printers, photocopier, vehicles, and motorcycles and are they in good working condition (Do a physical inspection to verify)?
- To what extent is the capacity of the Welfare Department absorbed by ongoing programs? Can it cope with an additional demanding program? Who needs to do what to strengthen the capacity of the Department?
- What is the capacity of the Finance Department? Is it able to manage the funds of a Pilot Scheme and to meet the NAC requirements for financial management? Does the Department have experience in delivering cash to headmen and to recipients of cash for work and does it have the necessary manpower to serve approximately 30 pay points each month (15 one day trips!)?
- Which department is most suitable for taking a leading role in implementing the Pilot Scheme (e.g. Welfare Department or Community Development or Planning or Finance)?
- What is the overall assessment of the capacity of the District Assembly taking into account the quality of leadership, the extent to which it is burdened (or overburdened) with ongoing programs, and its previous performance?
- What has to be done on national level (especially by MoWCD) to strengthen the capacity of the district?
- What should be provided by UNICEF (e.g. equipment, training, exposure) in order to strengthen the district capacity?

4. Assessing the District Capacity by how a Specific Task is performed

Implementation of a Scheme related task provides the most reliable information of the capacity of a district. Therefore the district should be asked early in the process to perform one of the tasks that have anyway to be done to prepare for a pilot scheme.

One option to do this is to ask the District Assembly to select 4 TAs for piloting. For these 4 TAs the district should list the names of all Village Groups (VGs), the names of all villages per VG, and the number of households in each village. This information should be provided in a well structured report within 3 weeks. By providing a good quality report in time the district can show its commitment and capacity.

Annex 3:

Logical Framework, Schedule of Activities, Budget and Institutional Framework of the Machinga Pilot Social Cash Transfer Scheme

Results of a Planning Workshop conducted in Machinga by Officers of the Department of Poverty and Disaster Management Affairs, the Ministry of Women and Child Development, the National AIDS Commission, the Machinga District Assembly and UNICEF from 22nd to 23rd May 2007

Acronyms and Abbreviations

CBOs	Community-based Organizations
CSPC	Community Social Protection Committee
DA	District Assembly
DC	District Commissioner
DEC	District Executive Committee
DoPDMA	Department of Poverty and Disaster Management
EU	European Union
HH	Household
LA	Local Assembly
M&E	Monitoring and Evaluation
MoW&D	Ministry of Women and Child Development
NAC	National AIDS Commission
NGOs	Non-Governmental Organizations
TA	Traditional Authority
UNICEF	United Nations Children's Fund
VDC	Village Development Committee
VG	Village Group

Introduction

Social Cash Transfers have been piloted in four TAs of Mchinji District since September 2006. Based on the experience gained in Mchinji the pilot Social Cash Transfer Scheme (SCTS) will be expanded to three more districts in 2007 (Likoma, Machinga and Salima). This report summarizes the results of a planning workshop which was held from 22 to 23 May in Machinga. The workshop has been financed by UNICEF and was conducted by officers from the Machinga District Assembly, assisted by officers from DoPDMA, DoWCD, NAC and UNICEF. The task of the workshop was to adjust the SCTS concept developed in Mchinji to the frame conditions in Machinga.

The report contains the following chapters:

A logical framework summarizing the objectives of the Machinga scheme on goal, outcome and output levels. It contains objectively verifiable indicators for each objective. It further identifies the assumptions (risks) on each level. The indicators and assumptions will be used for monitoring and evaluation of the scheme.

A plan of activities indicating, which activities have to be performed by the Social Cash Transfer Team (SCTT) in order to achieve the outputs. The activity plan also shows the timing of the activities.

Budget estimates for 2007 and 2008. The two tables indicate for each month the amount of funds required for operational costs and for transfers to be paid to the beneficiaries. The operational costs are further subdivided in costs for each activity and in costs for overheads. Operational costs as percentage of total costs are estimated to be 34% for 2007 (while the number of beneficiaries is still small) and will be as low as 10.6% when the scheme has been rolled out in 2008.

Detailed cost estimates for each activity explain how the budget estimates for Machinga district given in the tables for 2007 and 2008 have been calculated.

The institutional framework lists all organizational units involved in the scheme, indicates their responsibilities and shows how they interrelate.

Logical framework for the Machinga Pilot Social Cash Transfer Scheme
Planning period: September 2006 to December 2007

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	ASSUMPTIONS/ RISKS
Goals: 1. The well-being of members of beneficiary households has significantly improved 2. School enrolment and attendance of children living in beneficiary households is increased 3. Non-beneficiary households in the pilot area benefit socially and economically from the Scheme	**Goal level indicators:** 1.1. At least 90% of the beneficiary households experience a positive change with regard to welfare indicators related to nutrition, health, sanitation, clothing, shelter and self-esteem (to be specified after baseline survey) 2.1 School enrolment of primary school age children living in beneficiary households has increased from…% to over 90% 2.2 Absenteeism of children living in beneficiary households has reduced from …. days to less than …. days per term 3.1 Majority of non-beneficiary households state that the burden of social obligations with regard to the target group has significantly decreased 3.2 More than 50% of the purchasing power generated by the transfers is spend for buying goods and services from members of the same Village Group	**Assumptions with regard to sustainability of impact:** Sustainable funding from GoM and donors Timely availability of funds under NAC Global Fund Round 1 and 5 Political will
Outcomes: 1. Most of the beneficiary households (labour constrained households living in the pilot area that suffered from ultra poverty before becoming beneficiaries of the Scheme) reach an income/expenditure level that exceeds the national ultra poverty line 2.Beneficiaries use transfers in an economically sound and socially responsible way 3.National SPTC and other stakeholders use M+E results for designing a Social Protection Policy and Programme	**Outcome level indicators:** 1.1. Over 80% of the formerly ultra poor beneficiary households achieve an income per person above the national ultra poverty line (MK 27 per person per day) 1.2. The ultra poverty rate in the pilot area is reduced by more than 33% 2.1 Beneficiary households spend over 80% of consumption expenditure on basic needs (food, health, clothing, shelter, sanitation, education) 2.2 Beneficiary households invest at least 10% of transfers in income generating assets and income generating activities 3.1 Social Protection policy papers clearly define the role of Social Cash Transfers in the National Social Protection Programme	**Assumption on outcome level:** Heads of beneficiary households use a substantial part of the household income to meet children's needs

<table>
<tr>
<td>Outputs of the Scheme:
1. All ultra poor labour constrained households in all Village Groups of 4 TAs of Machinga District (pilot area) have been effectively targeted and approved

2. Approved households receive monthly transfers in a regular and reliable manner

3. Scheme operates in a cost-effective way

4. Targeting, approval and payment process is well documented

5. Scheme is effectively linked to other social sector programmes

6. Internal Monitoring System provides timely information on Scheme activities, costs, outputs, cost-effectiveness and on lessons learned to district level and national level decision makers</td>
<td>Output level indicators:
1.1 Targeting and approval process in all 34 Village Groups has been completed by May 07
1.2 Inclusion error under 10%
1.3 Exclusion error under 20%
1.4 At least 80% of non-beneficiary households consider targeting process as transparent and fair

2.1 Less than 10% of all beneficiary households experience delays and/or incorrect transfer within one calendar year

3.1 Once the Scheme covers the whole pilot area the administrative costs amount to under 12% of total costs
3.2 Costs of delivering transfers to beneficiaries amount to less than 5% of the value of the transfers

4.1 Filing system on district and VG level is organised in accordance with the Guidelines and is at any time up to date

5.1 At least 80% of beneficiary households have received complementary support by GoM departments, NGOs and/or CBOs

6.1 Monthly Monitoring Reports using agreed format are submitted to DEC Machinga latest by 10th of next month
6.2 Monthly Monitoring reports are commented by DC and submitted latest by 20th of next month to the Social Protection Secretariat, NAC, EU and UNICEF
6.3 Bi-monthly inspection visits by DoPDMA confirm that information given in Monitoring Reports is complete and correct</td>
<td>Output level assumption:

External M+E component verifies indicators on goal and outcome level and with regard to the indicators for output 1
<hr>Input level assumptions:

Funds for transfers and operation of the Scheme are transferred to the District Assembly timely and in accordance with the attached Budget Plan

Staff is committed and dedicated</td>
</tr>
<tr>
<td colspan="3">Means of verification for the goal and outcome level indicators and for the indicators for output 1 will be determined by the External M+E Component

Means of verification for the indicators of outputs 2 to 5 are specified in the Guidelines for the Internal Monitoring System

Activities for each output are documented in the attached timetable of project activities

Inputs required for producing the activities are documented in the attached budget</td>
</tr>
</table>

Schedule of Activities for the Machinga Pilot Social Cash Transfer Scheme

	Activities to be performed by the Machinga Social Protection Technical Team	2007				2008											
		September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
1	Implement cycle of targeting and approval for 4 additional Village Groups (VGs) per month																
2	Deliver monthly cash transfers to approved households																
3	Administer changes in beneficiary households																
4	Create linkages to other social sector programmes																
5	Implement retargeting cycle for 4 VGs per month																
6	Collecting M&E information and reporting																

Budget Estimates for the Machinga Social Cash Transfer Pilot Scheme for 2007 (in MK 1,000)

Activities/Type of Costs	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Total**
Operational costs								
1. Implementing the cycle of targeting and approval for 4 VGs per month (2 in Sept)				150	300	300	300	1,050
2. Delivering monthly cash transfers to approved households					7	21	36	64
3. Administering changes in beneficiary households					4	12	20	36
4. Orientation and creation of linkages to other social sector programmes				87				87
5. Incentives for Community Social Protection Committees								
6. Implementing the retargeting cycle for 4 VGs per month								
7. Collecting information and providing monthly monitoring reports					14	14	14	42
8. Overheads				150	150	150	150	600
Total Operational costs				**387**	**475**	**497**	**520**	**1,879**
Transfer Payments					400	1,200	2,000	3,600
Total Budget				**387**	**875**	**1,697**	**2,520**	**5,479**
Operational costs as % of total costs								34%

Budget Estimates for the Machinga Social Cash Transfer Pilot Scheme for 2008 (in MK 1,000)

Activities/Type of Costs	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Total**
Operational costs													
1. Implementing the cycle of targeting and approval for 4 VGs per month	300	300	300	300	300								1,500
2. Delivering monthly cash transfers to approved households	49	63	77	91	105	119	119	119	119	119	119	119	1,218
3. Administering changes in beneficiary households	28	36	44	52	60	68	68	68	68	68	68	68	696
4. Orientation and creation of linkages to other social sector programmes						87	87	87					261
5. Incentives for Community Social Protection Committees		100	200	200	200	200	200	200	200	200	200		1,900
6. Implementing the retargeting cycle for 4 Village Groups per month									100	200	200	200	700
7. Collecting information and providing monthly monitoring reports	14	14	14	14	14	14	14	14	14	14	14	14	168
8. Overheads	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Total Operational costs	**541**	**663**	**785**	**807**	**829**	**638**	**638**	**638**	**651**	**751**	**751**	**551**	**8,243**
Transfer Payments	2,800	3,600	4,400	5,200	6,000	6,800	6,800	6,800	6,800	6,800	6,800	6,800	69,600
Total Budget	**3,341**	**4,263**	**5,185**	**6,007**	**6,829**	**7,438**	**7,438**	**7,438**	**7,451**	**7,551**	**7,551**	**7,351**	**77,843**
Operational Costs as % of total costs	**16.2%**	**15.5%**	**15.1%**	**13.4%**	**12.1%**	**8.6%**	**8.6%**	**8.6%**	**8.7%**	**9.9%**	**9.9%**	**7.5%**	**10.6%**

Cost estimates used to calculate the budget for the Machinga Pilot Social Cash Transfer Scheme

1. Cost estimates for the activity: Implement the cycle of targeting and approval for 4 additional Village Groups (VGs) per month

The activity involves the following sub-activities that have to be conducted in each Village Group (VG) during the process of gradually rolling out the Scheme:

- Initial meeting with the Village Development Committee (VDC) to explain the Scheme, to do the zoning (not more than 400 households per zone), and to set up a Community Social Protection Committee (CSPC)
  Inputs required per VG: 1 District Officer with car and driver and 1 Extension Worker for 1 day.

- Training of CSPC members plus headmen plus up to 5 extension workers (about 20 persons)
  Inputs required per VG: 2 District Officers with car and driver for 2 days, allowances, lunch and soft drinks, pens, exercise books, and handouts (photocopies) for 20 persons.

- Assisting the CSPC to conduct a ranking meeting
  Inputs required per VG: 1 District Officer with car and driver and one Extension Worker for 1 day.

- Assisting CSPC to conduct a community meeting
  Inputs required per VG: 2 District Officers with car and driver and 1 Extension Worker for 1 day.

- Social Protection Sub-Committee (SPSC) approval meeting
  Inputs required: 2 CSPC members travelling to Machinga.

The sub-activities listed above require the following inputs/costs per VG:

Type of input	Quantity	Unit price	Costs in MK
Fuel	100 litre	155	15,500
Allowance District Officers plus drivers	13	500	6,500
Allowances Extension Workers	3	500	1,500
Training allowance	40	500	20,000
Food and soft drinks at training	40	400	16,000
Pens, exercise books, handouts	25	120	3,000
Travel costs of CSPC members	2	600	1,200
Beneficiary cards	100	100	10,000
Total costs per VG			**73,700**
Total costs per approved household			**737**

2. Cost estimates for the activity: Deliver monthly cash transfers to approved households

This involves a team consisting of an Accountant, another District Officer, two Police Officers and a driver. The team is assisted by 1 Extension Worker. In a 1 day trip this team will be able to make payments to the beneficiaries of 3 VGs. The 1 day trip requires the following inputs/costs:

Type of input	Quantity	Unit price	Costs in MK
Fuel	30 litres	155	4,650
Allowance District Officers plus driver	3	500	1,500
Allowances Police Officers	2	2000	4,000
Allowances Extension Worker	1	500	500
Costs per month for 3 VGs			**10,650**
Costs per month for 1 VG			**3,550**
Costs per month per beneficiary HH			**35.5**

3. Cost estimates for the activity: Administer changes in beneficiary households

This activity is triggered off by receiving reports from the CSPCs (or from others) on cases of beneficiary households that do not meet the eligibility criteria (Form 6) or on cases of death of heads of beneficiary households (Form 7).

It is estimated that the Scheme will receive on the average 1 such report per VG per month. Once the Scheme covers all VGs in the pilot area the number of cases per month is estimated at 30. Each case involves a trip to Machinga by a CSPC member to report the case (on Form 6 or 7), and a verification visit by an Extension Worker. Every month a District Officer should do a 1 day trip to spot check on a number of cases. Once the pilot area is covered this activity will require the following inputs/costs:

Type of input	Quantity	Unit price	Costs in MK
Travel costs for reporting CSPC members (bus-fare)	30	600	18,000
Verification visit and travel cost of Extension Workers (bus-fare and allowance)	30	1,100	33,000
Monthly spot checks by District Officer and driver • Diesel • Allowances	 30 2	 155 500	 4,650 1,000
Costs per month			**56,650**
Costs per case			**1,888**

4. Cost estimates for the activity: Orientation and creating linkages to other social sector programmes

In September 2007 the training team will be formed. It will consist of 10 district level officers, who will go through a training of trainer's process. After a classroom training based on the Manual of Operations always 1 or 2 of these officers will do the sub-activities listed under 1. While the other officers will observe and subsequently evaluate how the sub-activities have been conducted.

In the period June to August 2008 (after the role out has been completed and before the retargeting will start) the Scheme will concentrate on establishing linkages to other social sector programmes. This activity will involve extensive district, TA, and community level exploration, planning and testing involving District Officers, Extension Workers, and representatives of the communities.

Type of input	Quantity	Unit price	Costs in MK
Allowances for District Officers and drivers	40	500	20,000
Allowances for Extension Workers and Community Representatives	40	500	20,000
Fuel	240 litres	155	37,200
Soft drinks and snacks	100	100	10,000
Costs per month			**87,200**

5. Cost for Incentives for CSPC

After six months of good performance, each Community Social Protection Committee receives an incentive of MK 50,000. This is being repeated every 12 months.

6. Cost estimates for the activity: Implement retargeting cycle for 4 Village Groups (VGs) per month

Retargeting involves the same sub-activities that have been listed for the activity 1 (Implement cycle of targeting and approval).

Type of input	Quantity	Unit price	Costs in MK
Fuel	100 litre	155	15,500
Allowance District Officers plus drivers	10	500	5,000
Allowances Extension Workers	3	500	1,500
Training allowance	20	500	10,000
Food and soft drinks at training	25	400	10,000
Pens, exercise books, handouts	20	120	2,400
Travel costs of CSPC members	2	600	1,200
Beneficiary cards	20	100	2,000
Total costs per VG			**47,600**
Total costs per approved household			**476**

7. Cost estimates for the activity: Collect information and provide monthly monitoring reports

The Manual for implementing the Pilot Scheme ensures that information on the activities performed, on the actual inputs/costs for these activities, and on the outputs achieved is systematically documented on the forms used in the manual. These forms are readily available in the filing and accounting system of the Scheme. Monitoring on activity, input and output level is therefore mainly done by compiling data from the files and accounts in such a way that the progress and cost-effectiveness is constantly documented and reported as specified in the Guidelines for the Internal Monitoring.

M+E on outcome and goal level is done by an External M+E Component, which is financed from a separate budget. However, in order to constantly monitor the perception of beneficiaries and non-beneficiaries and to identify early any problems that may develop on community level, District Officers will conduct 2 monitoring trip per month.

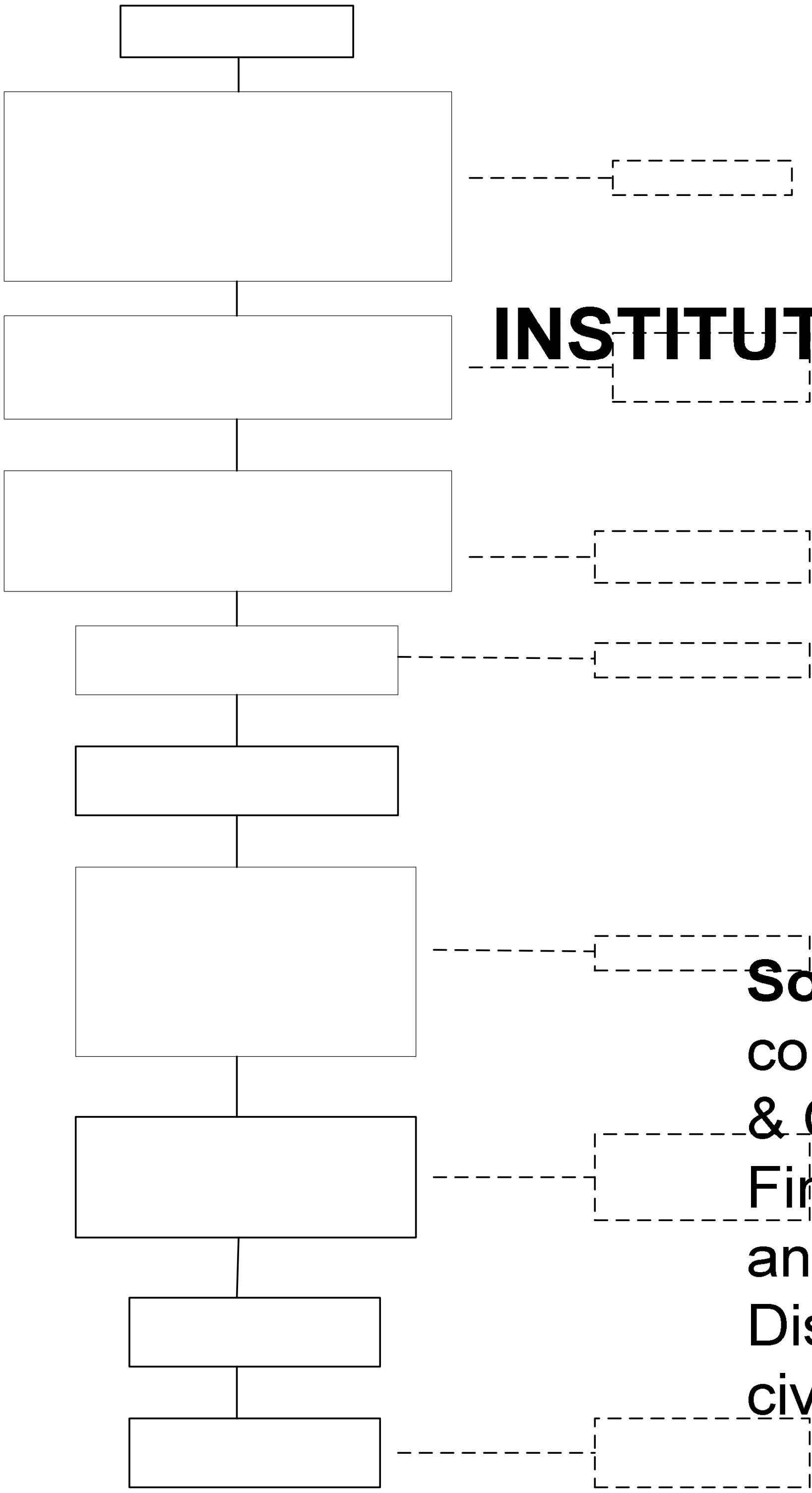
Type of input	Quantity	Unit price	Costs in MK
Allowances for District Officers (2 District Officers and a driver) every week	6	500	3,000
Allowances for Extension Workers	4	500	2,000
Fuel	60 litres	155	9,300
Costs per month			**14,300**

8. Estimated Overhead Costs per Month

The following costs are not included in the cost estimates per activity given above:

- Telephone 15,000 MK
- Photocopy services 30,000 MK
- Photocopying Paper 18,000 MK
- Toner 25,000 MK
- Flipchart paper, markers 7,500 MK
- Soft drinks at meetings 4,500 MK
- Vehicle maintenance 50,000 MK

Total monthly overheads 150,000 MK



INSTITUTIONAL FRA

Social Protectio
composed of the
& Child Developm
Finance; Local Go
and Development
Disaster Manager
civil society partne

Social Protectio
composed of line
society partners; a

Annex 4: Machinga NAC Proposal

MACHINGA ASSEMBLY

MACHINGA

CONTACT PERSON: , DISTRICT COMMISSIONER
ACCOUNTANT:

SOCIAL CASH TRANSFER PILOT SCHEME
IN MACHINGA DISTRICT

AMOUNT OF FUNDING REQUESTED: MK……..

SUBMITTED

TO

NATIONAL AIDS COMMISSION

AND

THE

FINANCIAL MANAGEMENT AGENCY

DATE OF SUBMISSION: ……… , 2007

2.0 Proposal Summary:

Social cash transfers are an emerging concept that is rapidly gaining ground in Sub Saharan Africa. Cash transfers are a Government response to the growing number of households that have lost all breadwinners, mainly due to the AIDS pandemic. In Malawi a pilot social cash transfer scheme commenced in Mchinji District. As the Mchinji pilot scheme is highly successful (see attached monitoring report for February 2007) Cabinet has decided on 8th November 2006 to role the scheme out to six more districts, namely Likoma, Machinga, Salima, Chitipa, Mangochi, and Phalombe. This is done to test if the upscaling to national level is feasible. The implementing agencies are the District Assemblies. This paper is a request for funding the role-out of the scheme to cover Machinga District.

The **target population** in Machinga District consists of approximately 3,400 households (10% of all households in the pilot area) that are ultra poor and at the same time labour constrained. The pilot area are the TAs Chiwalo, Liwonde, Mlomba and Mposa. The **main problem** faced by these households is that the household members are too old or too young or too ill to perform income generating work. They have lost the economically active members. Approximately 70% are in one way or the other HIV/AIDS affected. These households are not able to access labour based programmes like public works or micro-credit. They suffer from extreme poverty and hunger but have been by-passed by most poverty reduction interventions.

Objectives the Machinga scheme are:

- To reduce poverty, hunger and starvation among all households in the pilot areas which are extremely poor and are at the same time labour constrained;
- To increase school enrolment, attendance and retention among children in target beneficiary households;
- To generate information on the feasibility, costs and benefits and on the positive and negative impact of the social cash transfer scheme as a component of the Social Protection Programme for Malawi.

Activities to achieve these objectives include: effective targeting using a multi-stage participatory process that involve community committees; timely and reliable delivery of cash transfers to the approved households; linking the beneficiaries to other social and economic services, and monitoring and evaluation.

Inputs required to implement the activities are the funds that are transferred to the beneficiary households and the operational costs in terms of manpower (provided by the Assembly), allowances, fuel and overheads like stationary (requested from NAC). A detailed monthly breakdown of budget estimates has been elaborated in a workshop held from 22 to 23 May 2007 (see the attached workshop report).

3. The Target Population: Problem Analysis

The target population consists of approximately 3,400 households (10% of all households in the pilot area) that meet the following eligibility criteria:

- **Ultra poor.** This means that they are in the lowest expenditure quintile and below the national ultra poverty line (only one meal per day, not able to purchase essential non-food items like soap, clothing, school utensils, begging, no valuable assets)

- **Labour constrained.** A household is labour constrained when it has no able bodied household member in the age group 19 to 64, who is fit for work, or when one household member in the age group 19 to 64 years, who is fit for work, has to care for more than 3 dependents (household members that are under 19 years of age or over 64 or are unfit for work because they are chronically sick, or disabled or handicapped). In other words: Households are labour constraint when they have a dependency ratio of more than 3. According to the 2004/2005 Integrated Household Survey the average dependency ratio of households in the lowest income quintile is 1.5. This criterion is used in order to focus on those households that are not able to access or to benefit sufficiently from labour based interventions like public works or from ganyu.

By using these targeting criteria, households are reached who's members belong to the seven vulnerable groups that are the targeted groups of the HIV and AIDS Impact Mitigation Framework are being targeted:

- People living with HIV
- Orphans and other vulnerable children
- Caregivers
- Elderly persons
- Persons with disabilities
- Female headed households
- Child headed households

.
It is estimated that approximately 70% of the of labour constrained ultra households are in one way or the other HIV/AIDS affected. Their most pressing needs are:

- Access to basic goods and services required for their survival (consumption needs) and access to basic education (investment in human capital);
- Access to basic goods and services includes access to food, clothing, blankets, soap, shelter, water and sanitation, basic health services and transport. In addition some households require access to home based care and psychosocial support;
- Support to labour constrained ultra poor households has to be reliable, predictable and long term until the household structure (dependency ratio) has improved.

The extent to which this category of households is reached and the extent to which the needs of this category of households are met by ongoing programs and projects has been identified as follows:

- This group was somehow targeted but hardly reached by any poverty reduction or social protection programmes
- The few social protection programmes that target destitute households reach only a small fraction of the target group and are not able to support them in a reliable and sustainable manner
- In case of an emergency situation, temporary food aid is reaching all households including the labour constrained ultra-poor, but does not meet their need for continuous support and their need for access to non-food goods and services

In summary: There is a lack of continuous, well targeted and effective transfer programmes covering the most pressing consumption and investment in human capital (education) needs of this category of households.

4.0 Description of the Implementing Agency

The implementing agency of the scheme is Machingaa District Assembly with technical assistance from the Social Protection Technical Team (SPTT) at national level composed of the Department of Poverty and Disaster Management Affairs, Ministry of Women and Child Development and UNICEF.

Approval of applications at the district level is done by the District Social Protection Committee (DSPC) which is a sub-committee of the District Executive Committee (DEC). The District Social Protection Committee is composed of line Government Departments and Civil Society Organizations involved in Social Protection. The committee is chaired by the Director of Planning and Development with technical assistance from the District Commissioner and the District Social Welfare Office (Desk Officer) is the Secretariat.

There also exists a District AIDS Coordinating Committee which coordinates all HIV and AIDS activities in the district. The DACC as a sub-committee of DEC is very experienced in coordinating HIV and AIDS activities undertaken mainly by NGOs and CBOs and FBOs and its various sub-committees many of whom are funded by NAC through the Umbrella Organization (World Vision). The sub-committees report to the DACC which, in turn, reports to the DEC.

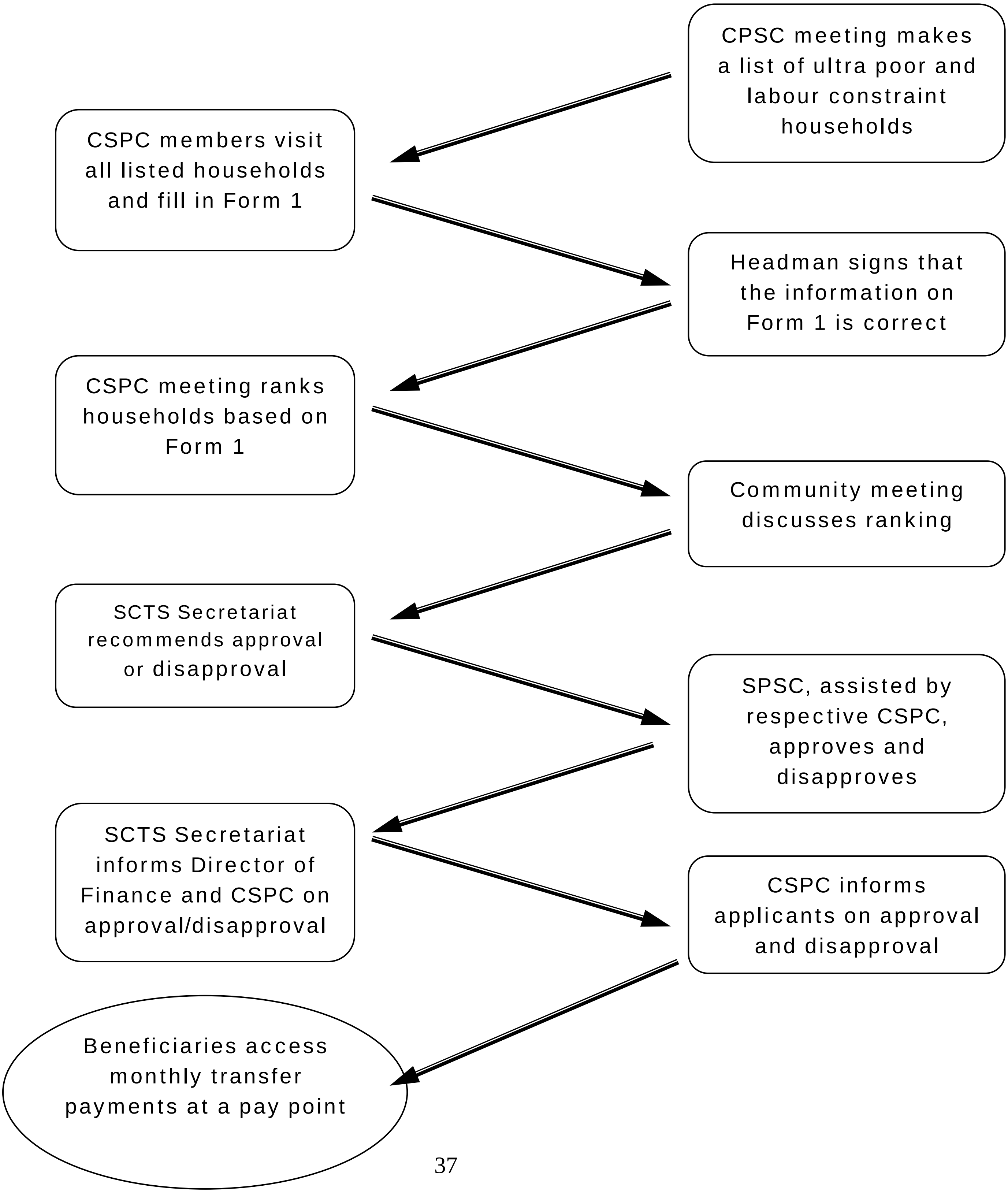
Members of the target population are not involved in the targeting process, but members of Community Social Protection Committees who are nominated to the committees by their respective communities. These Community Social Protection Committee members are trained in the methodologies of the scheme and are responsible for the identification, targeting and verification of eligible beneficiaries. They also assist in the approval process at the district level related to confirming and endorsement of eligible beneficiary households.

Diagrams showing who is involved in the different steps of the targeting and approval cycle and giving the institutional framework on national, district and community level are given on the next pages.

In terms of needs for capacity building, the District Assembly will require orientation on the National AIDS Commission's procurement and Monitoring and Evaluation procedures in addition to the ongoing technical support the district receives on the scheme from NAC, the National Social Protection Technical Team and UNICEF.

UNICEF has provided all the technical and financial assistance that was required to design, implement and evaluate the Mchinji scheme between April 2006 to March 2007. It is also assisted the Government to plan the scaling up and to build capacity (equipment and training) in the three new districts including Likoma.

Flow Chart of the Targeting, Approval and Payment Process



Addressing the Problems

The targeting criteria given above are used in a multi-stage participatory targeting process:

1. Community Social Protection Committees (CSPCs) on Village Group level (sub-committee of the VDC) list, visit and interview all households that seem to meet the targeting criteria. They then rank all households that have a dependency ratio of more than 3 according to neediness
2. The CSPCs present the households selected and the ranking to a community meeting in order to ensure that no households meeting the criteria are left out, that undeserving households are deleted from the list, and that a consensus on the appropriate ranking is achieved. The community meeting should also facilitate that the scheme and the targeting process are as transparent as possible
3. A Social Protection Sub-Committee (SPSC) on district level (sub-committee of the DEC) assisted by extension workers checks if the targeting process has been fair and transparent and if the results are correct. The SPSC then approves the 10% neediest households. The 10% cut off point is based on the assumption that on the average less than 10% of the households meet both criteria. Further research to verify this assumption is under way.

The monthly cash transfers vary according to household size and take into account if the household has children enrolled in primary or in secondary school:

- 1 person household MK 600
- 2 person household MK 1,000
- 3 person household MK 1,400
- 4 and more persons MK 1,800

For children enrolled in primary school a bonus of MK 200 is added, for children in secondary school a bonus of MK 400. This bonus is meant to encourage school enrolment and attendance and to discourage child labour and premature drop outs. It facilitates that caregivers meet schooling related child needs such as food, clothing, soap, exercise books and pencils. On the average the transfers amount to MK 1,700 per household per month. This amount is sufficient to fill the gap of MK 1,343 between the ultra poverty line of MK 6,447 per month for a 5.8 person household and the average monthly expenditure of MK 5,103 of households in the lowest income quintile.

6.0 Purpose and objectives of the Project

6.1 Overall objective

The purpose of the Pilot Social Cash Transfer Scheme is to verify the hypothesis that social cash transfers implemented by District Assemblies are a feasible, cost-effective and quick impact mechanism to provide effective social protection to households that are ultra poor and at the same time labour constrained.

6.2 Specific objectives:

- To reduce poverty, hunger and starvation among all households in the pilot areas which are extremely poor and are at the same time labour constraint;
- To increase school enrolment, attendance and retention among children in target beneficiary households;
- To generate information on the feasibility, costs and benefits and on the positive and negative impact of the social cash transfer scheme as a component of the social protection programme for Malawi.

6.3 Project activities related to the objectives

The activities of the scheme to meet the above objectives are as follows:

- Implement cycle of targeting and approval in all Village Groups of the pilot area
- Deliver monthly cash transfers to approved beneficiary households
- Administer changes in beneficiary households
- Create linkages with other social and economic programmes
- Implement re-targeting cycles in all Village Groups after 12 months
- Monitoring, evaluation, taking corrective action when required and reporting.

The activity ‘creating linkages’ will ensure that all providers of social and economic service in Machinga District will plan, test and institutionalize how to reach the beneficiary households and how to meet their specific needs with regard to basic health care, psycho-social support, home based care, nutrition, education and hygiene. This will ensure that the transfer money is spent wisely and that the non-monetary needs of the beneficiary households are met. UNICEF will provide a local consultant who will assist to establish the linkages described above.

These activities were jointly developed by a team from the Department of Poverty and Disaster Management Affairs, Ministry of Women and Child Development, the National AIDS Commission, the Machinga District Assembly as well as the UNICEF financed lead consultant Dr. Schubert during a two day planning meeting held in Machinga on the 22nd to 23rd of May, 2007 and based on the experiences of the implementation of the scheme in Mchinji since September 2006.

The workshop results (Logical framework, plan of activities, budget estimates for 2007 and 2008) are given in the attached workshop report. The activities listed above are also in the Operations Manual for the Scheme describing in detail which steps need to be undertaken to establish, maintain, administer and implement a social cash transfer pilot scheme.

7.0 Project Implementation: Work plan

See the Schedule of Activities for the Machinga Pilot Social Cash Transfer Scheme as presented in the attached workshop report.

The timeline of activities is set out on page 6 of the workshop report. The District Commissioner together with the District Social Protection Committee has the ultimate responsibility to see that all activities are being implemented on time and as planned. The day to day management of the scheme is done by the Social Cash Transfer Secretariat hosted in the District Social Welfare Office.

8.0 Monitoring and Evaluation

8.1 Indicators for monitoring service statistics

1.4 Targeting and approval process in all 34 Village Groups has been completed by May 2008
1.5 Inclusion error under 10%
1.6 Exclusion error under 20%
1.4 At least 80% of non-beneficiary households consider targeting process as transparent and fair

2.1 Less than 10% of all beneficiary households experience delays and/or incorrect transfer within one calendar year

3.1 The operational costs amount to under 12% once the scheme is fully rolled out in 2008
3.2 Costs of delivering transfers to beneficiaries amount to less than 4% of the value of the transfers

4.1 The filing system on district and VG level is organised in accordance with the Manual of Operations and is at any time up to date

5.1 At least 80% of beneficiary households have received complementary support by GoM departments, NGOs and/or CBOs

6.1 Monthly Monitoring Reports using agreed format are submitted to DEC Machinga latest by 10th of next month
6.2 Monthly Monitoring reports are commented by DC and submitted latest by 20th of next month to the Social Protection Secretariat, NAC, and UNICEF
6.3 Inspection visits by Social Cash Transfer Secretariat (to be conducted quarterly) confirm that information given in Monitoring Reports is complete and correct

8.2 Indicators for progress and performance

Objective 1: The well-being of members of beneficiary households has significantly improved

Indicator: At least 90% of the beneficiary households experience a positive change with regard to welfare indicators related to nutrition, health, sanitation, clothing, shelter and self-esteem

Objective 2: School enrolment and attendance of children living in beneficiary households is increased

Indicators: School enrolment of primary school age children living in beneficiary households has increased from…% to over 90%

Absenteeism of children living in beneficiary households has reduced from …. days to less than …. days per term

Objective 3: Non-beneficiary households in the pilot area benefit socially and economically from the Scheme

Indicators: Majority of non-beneficiary households state that the burden of social obligations with regard to the target group has significantly decreased

More than 50% of the purchasing power generated by the transfers is spend for buying goods and services from members of the same Village Group

8.3 Evaluation

The internal monitoring system provides monthly monitoring reports to all stakeholders involved in implementing the scheme for an update of the activities of the scheme. These stakeholders include members of the District Social Protection Committee, the District Executive Committee and the Steering Committee at the national level. This type of monitoring is continuous and conducted by District Assembly staff. The Internal monitoring of the social cash transfer scheme will ensure that all sectors involved in managing the scheme are continuously provided with update information on:

- Activities implemented as part of the scheme;
- Amount of inputs/costs used to implement the scheme;
- Outputs, positive and negative impact of the scheme.

This will enable implementers to compare actual activities, costs and outputs with planned activities.

The reporting system of the scheme will be in such a way that the District Commissioner will report on a monthly basis on the activities of the scheme to the Secretariat of the Social Protection Technical Team (SPTT) in the Department of Poverty and Disaster Management Affairs, National Aids Commission (NAC), UNICEF and the Ministry of Women and Child Development on receipt of monthly monitoring reports from Officers who will undertake the activity.

The National Social Protection Technical Team, too, will frequently monitor, supervise and guide the operations of the scheme from time to time.

Highly relevant for assessing the cost-effectiveness, feasibility and impact of social cash transfer schemes implemented by District Assemblies is the ongoing external evaluation of the Mchinji scheme by a team from Boston University and the Centre for Social Research of the University of Malawi which is co-financed by UNICEF. EU has tendered out an evaluation of all ongoing cash transfer programmes which will include the scheme in Machinga. An additional external evaluation of the up-scaling of the Mchinji scheme to 6 more districts is presently negotiated with the Economic Policy Research Institute (EPRI) of the University of Cape Town

The National AIDS Commission which might have its own evaluation plan will be welcomed to institute one for the scheme if need be.

9.0 Analysis of Sustainability

Households that are ultra poor and at the same time labour constrained are not able to fend for themselves until the household structure has changed. A number of these households (those that consist only of older people and /or chronically ill people) will never graduate. Generation gap households with small children and child-headed households will graduate once the children are grown up and are healthy and well educated. However, while some households graduate, other households will have become ultra poor and labour constrained and therefore will have to be integrated into the scheme. In other words: The scheme is not a project that can be phased out after a number of years because it has achieved its objectives. The pilot scheme tests a new type of intervention which, if successful, has to be instituted as a permanent programme like health and education.

The Malawi Growth and Development Strategy puts Social Protection high on its agenda as second theme in the Strategy. In the chapter the Goal of Social Protection is defined as follows:

"The long-term goal under this sub theme is to improve the socio-economic indicators for the most vulnerable. This is designed to ensure that the most vulnerable with limited factors of production are sufficiently cushioned. This encompasses the expectation for improved health and nutritional status of under five children, school age children, orphans, pregnant and lactating mothers as well as destitute families. To address the challenges and constraints outlined, a goal has been designed to decrease income inequality."

To harmonize, guide and supervise all social protection interventions in an effective and efficient manner, the Government has established at national level a Social Protection Steering Committee led by the Chief Secretary in the Office of the President and Cabinet (OPC) and comprised of Principal Secretaries from line Ministries and Representatives from key Development Partners. And also, a Social Protection Technical Committee has been established at the directorship level of line ministries and key development partners to provide technical support to the scheme.

Both Committees will be held responsible and accountable this year to come up and endorse the National Social Protection Policy and Programme for Malawi. The idea is that once the Policy and Programme are in place, a basket fund will be established for social protection. Government and Development Partners have already agreed to this arrangement.

To date, Government has allocated **1. 5 %** of its GDP for the Social Protection Programme. It has in addition put in place a fuel levy provision for the Social Protection Programme. Over the last ten years, annually, Development Partners have allocated over **100 Million USD** for Social Protection interventions.

It is hoped that the social cash transfer pilot scheme will become a component of the National Social Protection Programme because it will then be funded from the social protection basket fund. There are positive expectations that the pilot scheme will be a core element of the social protection programme, as Cabinet endorsed the pilot scheme on 8 November, 2006 and His Excellency the State President personally requested a rapid roll out of the scheme in order to learn more lessons and to be an even more credible pilot scheme.

The deliverance of social welfare assistance to the most destitute and vulnerable people, is one of the core responsibilities and functions of the government as evidenced by the implementation of the social cash transfer pilot scheme by the District Assemblies and not by NGOs. The District Assemblies set up a solid system, team and secretariat to manage the roll out of the scheme and to manage, administer and monitor the scheme on a daily basis. As it is a government programme, there is therefore no cost attached to the implementation of the scheme in relation to salaries of personnel, office rent or administration. The latter makes the delivery of cash transfers cost-effective.

The initial phase the scheme was funded by UNICEF. UNICEF together with the World Bank and DFID are closely involved in the process of developing the social protection programme and its basket fund and great interest has already been expressed to incorporate social cash transfers as one of the key elements.

Hence, the National AIDS Commission grant is being perceived by the District Assemblies as bridging the gap prior to the establishment of the social protection basket fund, out of which the pilot social cash transfer schemes in 7 districts (including Likoma) will be expected to be funded from.

The budget-line for the funding of this pilot scheme comes from NAC Annual Work Plan under Impact Mitigation with funding from the Pool Fund. And also, under the Global Fund Round 5 and the Universal Access Plan, **9.1 Million USD** was mobilized as funding for social cash transfers starting from mid 2007. Hence, if there is a little delay in setting up the social protection basket fund, there are funds planned from Global Fund Round 5 to back up the scheme.

It is our hope that the above information clarifies all the three issues on the impact, intervention and organization as Government (with support from Development Partners) will take over and continue to support the implementation of the scheme.

10.0 Detailed budgets, inputs and human resources

10.1 Project Staff and volunteers

(***See Annex 5 for more details).***

10.2 Project Budget
(***See Annex 7 for more details).***

10.3 Budget Categories
(***See Annex 6.A of the proposal for budget breakdown in the categories of Office Operation, Travel and Personnel Costs as well as on Programme Delivery and Capital Assets).***

10.4 Budget Items
(See Annex 7 for more details).

10.5 Budget Justification

The budget provided will cater for operational costs, programme delivery (including the issuance of the cash transfers) and capital assets required for the smooth implementation of the social cash transfer scheme. The unit costs have been calculated based on the current prices as well as on the stipulated per diem allowances for implementers of the scheme. This is also in line with the general consensus reached by the Ministry of Women and Child Development, the Department of Poverty and Disaster Management Affairs, Machinga District Assembly and UNICEF during the development of the Logical Framework, Schedule of Activities and Budget for the scheme.

10.6 Budget from other sources

UNICEF provided financial support for the initial design, establishment and implementation of the social cash transfer pilot scheme but this funding will be phased out when the National AIDS Commission takes over.

10.7 Procurement planning

Annex 8 clearly indicates how the district intends to do the procurement of materials, equipment and supplies. This will be done through either local bidding or through off shore procurement. Assistance on the procurement will also be requested from NAC based on their procurement guidelines.

11.0 Attachments

List of Project Staff
Most recent audited financial statement
Bank account number and Bank address:

Machinga District Assembly Social Cash Transfer Account
Account Number:

Address: Machinga District Assembly
P/Bag Machinga

Annex 5: Terms of Reference for an External Evaluation of the Scaling up of the Malawi Pilot Social Cash Transfer Scheme (first draft)

1. Background

Rationale and objectives of the scheme

Social cash transfers are an emerging concept that is rapidly gaining ground in Sub Saharan Africa. Cash transfers are a Government response to the growing number of households that have lost all breadwinners, mainly due to the AIDS pandemic. Based on preliminary evidence, it is estimated that 10% of all households in countries like Malawi and Zambia are ultra poor and labour scarce. Most of these households are headed by a grandmother who is caring for a number of orphans without assistance from anybody. Other households of this category are headed by disabled persons, chronically sick persons or children with no adult fit for productive work. These households cannot benefit from labour-based programmes like micro-credit or food/cash for work and have therefore been bypassed by ongoing interventions.

In Malawi a pilot programme commenced in Mchinji and will be rolled out in Chitipa, Likoma, Salima, Mangochi, Machinga and Phalombe. This is a result of the Cabinet paper that was approved on 8th November 2006. For 2007 - 2009 the Malawi pilot programme is financed by NAC (Global Fund and Pool Fund which consists of contributions from the World Bank, DfID, CIDA and NORAD) and receives technical assistance from UNICEF. NAC is involved because an estimated 70% of the beneficiary households are in one way or the other HIV/AIDS affected. UNICEF is involved because 65% of the members of the beneficiary households are children living in critical circumstances.

By June 2007 the scheme has covered all villages in 4 TAs of Mchinji District and is reaching 2,442 ultra poor and labour scarce households with 11,170 persons of which 7,480 are children. The scheme is inclusive, because by using these criteria, it reaches out to those elderly, OVC, chronically ill, persons with disabilities, who most urgently need social welfare interventions. Each household receives on the average a monthly cash transfer of MK 1,800 (scaled according to household size). The implementation of the scheme is entirely managed by the District Assembly which is using community committees for the targeting and supervision. Monthly monitoring reports of the Mchinji scheme show that the implementation is cost-effective. Administrative and logistical costs of the scheme are below 15%. An external evaluation by a team from Boston University and the University of Malawi Centre for Social Research is under way.

The pilot scheme has the task to shed light on such questions as to whether cash transfers are affordable, whether the District Assemblies have the capacity to implement the scheme, what are the costs and benefits, and whether this new concept could fuel the dependency syndrome that of late has concerned Malawians. Below are some preliminary insights with regard to the technical and financial feasibility, with regard to the impact on the livelihoods of the beneficiary households and with regard to the impact on the local economy.

Impact of the scheme in Mchinji District

At household level the cash transfers are spent mostly on food and other necessary commodities such as salt, sugar, soap, cooking oil, on clothing, on schooling related expenses and on medical care. People on ARV drugs use some of the money for transport to the hospitals and for improved nutrition. Monitoring by the District Welfare Officers indicates that the money is spent wisely. Instances of misuse are rare and are dealt with by the community committees who are counselling the beneficiaries.

On average beneficiaries invest one quarter of the money for purchasing labour for their gardens, for fertilizer, for small livestock such as goats and chicken and for improving their shelter. These small investments serve as income generating assets which increase the resilience against shocks. However, the most important impact is the increase in school enrolment, attendance and educational achievement. Considering that the majority of the members of the beneficiary households are children, the transfers can be regarded as an investment in human capital.

The fact that the beneficiaries spend their money locally stimulates rural employment and rural production especially in agriculture, low cost housing and trade. The transfers are a direct cash injection into our cash strapped rural economy. The Boston University evaluation will try to estimate the multiplier effect of each Kwacha transferred by the scheme.

Costs and budgetary implications

The costs of the scheme amount to USD 144 per household per year (12 times USD 12) for the transfers and USD 24 for administration and logistics. Once the scheme is reaching all the 250,000 ultra poor and labour scarce households in Malawi the annual costs will amount to USD 42 million. Due to limited implementation capacities at national and district level it will, however, take a number of years before the up-scaling can be completed. The full amount of USD 42 million will therefore not be required in the immediate future.

In order to put the amount of USD 42 million in perspective it has to be compared with the approximately USD 150 million which are annually spent on social protection and emergency aid. Emergency aid can be reduced because the scheme improves the beneficiaries' resilience against shocks. Savings also result from the fact that cash transfers are much more cost-effective compared to transfers in kind.

However, it has to be taken into account that the cash transfers are strictly limited to those 10% ultra poor households that are labour scarce. The 12% ultra poor households that have labour will require labour based programmes that provide employment and encourage income generating activities. Cash transfers therefore have to be seen as one component of a social protection strategy that consists of a number of programs which complement each other. In other words: Social cash transfers should not be seen as a stand alone programme. The costs for programmes targeting ultra poor households with labour have not yet been estimated.

2. Description of the Assignment

2.1 Global Objectives

While the ongoing external evaluation of the Mchinji scheme is focusing on household and community level outcomes and impact, the evaluation of the scaling up process has to focus on institutional, financial, management (e.g. planning, communication, cooperation, monitoring, decision making, and corrective action) and administrative issues. This includes an analysis of the role and performance of all cooperating partners and their interaction on district and national level. What are the challenges involved in scaling up a scheme from one district to seven, how have these challenges been managed and what can be learned from this analysis? In summary the evaluation has to provide:

1. The data and analysis to verify the core hypothesis of the scheme that social cash transfers implemented by District Assemblies are an affordable, technically feasible, cost-effective and quick impact mechanism to provide effective social protection to all households in Malawi that are ultra poor and labour constrained
2. The identification of good practices (practices that should be repeated in the future scaling up process) and of performance deficits of the scheme and of the way the scaling up is managed
3. A detailed analysis of the causal factors for performance deficits and of realistic options for overcoming those deficits
4. A comprehensive assment of the concept of the scheme with regard to its appropriateness for the frame conditions in Malawi
5. Recommendations to the Government of Malawi and the cooperating partners with regard to the role of social cash transfers as a component of the social protection policy and with regard to how the further scaling up process of the scheme should be organized.

2.2 Research Questions

- Has the scaling up to additional districts been appropriately planned and prepared?
- Did the new pilot districts receive appropriate and timely assistance in terms of orientation, training, capacity building, equipment and funding?
- Did the agencies involved in scaling up (DoPDMA, MoWCD, SPU, SCTS secretariat, NAC, UNICEF and the District Assemblies) communicate and cooperate effectively?
- Have the new district schemes achieved the targets on activity and output level (mainly targeting, approval, delivery of transfers and reporting) as specified in their planning documents?
- Have the outputs been achieved in a cost-effective way?
- Do the main stakeholders – especially the District Assemblies – own the scheme and show commitment and dedication?
- Did the District Assemblies face problems that may endanger the success of the scheme? Have these problems been appropriately addressed?
- Is the internal monitoring system effectively used as a management tool on district and national level?

- Are decision makers on district and national level well informed about the progress, performance and problems of the scheme and do they take timely and appropriate action to solve problems?
- Are all levels of officers and volunteers involved in implementing the scheme well motivated and committed? What are their main concerns with regard to a sustainable and effective performance of the scheme?
- Is the scheme appropriately documented and publicized and are stakeholders, politicians, civil society and the public at large sufficiently well informed about the scheme?
- What are the main capacity deficits on district and national level that restrict the performance of the scheme? How have these capacity deficits been addressed? Are the capacity building interventions appropriate?

Annex 6:

Logical Framework, Schedule of Activities, Budget and Institutional Framework of the Likoma Pilot Social Cash Transfer Scheme

Results of a Planning Workshop conducted by Officers of the Department of Poverty and Disaster Management Affairs, the Ministry of Women and Child Development, the Likoma District Assembly and UNICEF on 12-14 May 2007

Acronyms and Abbreviations

CBOs	Community-based Organizations
CSPC	Community Social Protection Committee
DA	District Assembly
DC	District Commissioner
DEC	District Executive Committee
DoPDMA	Department of Poverty and Disaster Management
EU	European Union
HH	Household
LA	Local Assembly
M&E	Monitoring and Evaluation
MoW&D	Ministry of Women and Child Development
NAC	National AIDS Commission
NGOs	Non-Governmental Organizations
TA	Traditional Authority
UNICEF	United Nations Children's Fund
VDC	Village Development Committee
VG	Village Group

Introduction

Social Cash Transfers have been piloted in four TAs of Mchinji district since September 2006. Based on the experience gained in Mchinji the pilot Social Cash Transfer Scheme (SCTS) will be expanded to three more districts in 2007 (Likoma, Machinga and Salima). This report summarizes the results of a planning workshop which was held from 12 to 14 May in Likoma. The workshop has been financed by UNICEF and was conducted by officers from the Likoma District Assembly, assisted by officers from DoPDMA, MoWCD and UNICEF.

The task of the workshop was to adjust the SCTS concept developed in Mchinji to the frame conditions in Likoma. The main differences between the two districts are: While the pilot area in Mchinji consists of 35 Village Groups (VGs) with approximately 30,000 households and a population of approximately 150,000, Likoma only has 3 VGs with approximately 3,000 households and a population of approximately 16,000. Likoma district consists of two islands (Likoma and Chizumulu). Reaching Chizumulu requires transport by boat which is time consuming and costly and depends on weather conditions. As Likoma district does not have a bank all financial transactions have be made in cash.

The report contains the following chapters:

A logical framework summarizing the objectives of the Likoma scheme on goal, outcome and output levels. It contains objectively verifiable indicators for each objective. It further identifies the assumptions (risks) on each level. The indicators and assumptions will be used for monitoring and evaluation of the scheme.

A plan of activities indicating, which activities have to be performed by the Social Cash Transfer Team (SCTT) in order to achieve the outputs. The activity plan also shows the timing of the activities.

Budget estimates for 2007 and 2008. The two tables indicate for each month the amount of funds required for operational costs and for transfers to be paid to the beneficiaries. The operational costs are further subdivided in costs for each activity and in costs for overheads. Operational costs as percentage of total costs are 24% for 2007 and 17% for 2008 while the operational costs in Mchinji are only 14%. The difference is mainly due to the small number of VGs and beneficiaries in Likoma district which do not permit to achieve economies of scale.

Detailed cost estimates for each activity explain how the budget estimates for Likoma district given in the tables for 2007 and 2008 have been calculated.

The institutional framework lists all organizational units involved in the scheme, indicates their responsibilities and shows how they interrelate.

The schedule for the role-out gives the programme for conducting the targeting and approval cycles in the three VGs of Likoma district in June 2007 while at the same time training the Likoma SCTT.

Logical framework for the Likoma Pilot Social Cash Transfer Scheme
Planning period: June 2007 to December 2008

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	ASSUMPTIONS/ RISKS
Goals: 2. The well-being of members of beneficiary households has significantly improved 2. School enrolment and attendance of children living in beneficiary households is increased 4. Non-beneficiary households in the pilot area benefit socially and economically from the Scheme	**Goal level indicators:** 1.2. At least 90% of the beneficiary households experience a positive change with regard to welfare indicators related to nutrition, health, sanitation, clothing, shelter and self-esteem 2.3 School enrolment of primary school age children living in beneficiary households has increased from…% to over 90% 2.4 Absenteeism of children living in beneficiary households has reduced from …. days to less than …. days per term 3.3 Majority of non-beneficiary households state that the burden of social obligations with regard to the target group has significantly decreased 3.4 More than 50% of the purchasing power generated by the transfers is spend for buying goods and services from members of the same Village Group	**Assumptions with regard to sustainability of impact:** Sustainable funding from GoM and donors Timely availability of funds under NAC Global Fund Round 1 and 5 Political will
Outcomes: 1. Most of the beneficiary households (labour constraint households living in the pilot area that suffered from ultra poverty before becoming beneficiaries of the Scheme) reach an income/expenditure level that exceeds the national ultra poverty line 2.Beneficiaries use transfers in an economically sound and socially responsible way 3.National SPTC and other stakeholders use M+E results for designing a Social Protection Policy and Programme	**Outcome level indicators:** 1.3. Over 80% of the formerly ultra poor beneficiary households achieve an income per person above the national ultra poverty line (MK 27 per person per day) 1.4. The ultra poverty rate in the pilot area is reduced by more than 33% 2.3 Beneficiary households spend over 80% of consumption expenditure on basic needs (food, health, clothing, shelter, sanitation, education) 2.4 Beneficiary households invest at least 10% of transfers in income generating assets and income generating activities 3.1 Social Protection policy papers clearly define the role of Social Cash Transfers in the National Social Protection Programme	**Assumption on outcome level:** Heads of beneficiary households use a substantial part of the household income to meet children's needs

Outputs of the Scheme:	Output level indicators:	Output level assumption:
1. All ultra poor and labour constrained households in all Village Groups of Likoma District have been effectively targeted and approved	1.7 Targeting and approval process in all 3 Village Groups has been completed by June 07 1.8 Inclusion error under 10% 1.9 Exclusion error under 20% 1.4 At least 80% of non-beneficiary households consider targeting process as transparent and fair	External M+E component verifies indicators on goal and outcome level and with regard to the indicators for output 1
2. Approved households receive monthly transfers in a regular and reliable manner	2.1 Less than 10% of all beneficiary households experience delays and/or incorrect transfer within one calendar year	
3. Scheme operates in a cost-effective way	3.1 The operational costs amount to under 25% of total costs in 2007 and to under 20% in 2008 3.2 Costs of delivering transfers to beneficiaries amount to less than 5% of the value of the transfers	**Input level assumptions:** Funds for transfers and operation of the Scheme are transferred to the District Assembly timely and in accordance with the attached Budget Plan Staff is committed and dedicated
4. Targeting, approval and payment process is well documented	4.1 Filing system on district and VG level is organised in accordance with the Manual of Operations and is at any time up to date	
5. Scheme is effectively linked to other social sector programmes	5.1 At least 80% of beneficiary households have received complementary support by GoM departments, NGOs and/or CBOs	
6. Internal Monitoring System provides timely information on Scheme activities, costs, outputs, cost-effectiveness and on lessons learned to district level and national level decision makers	6.1 Monthly Monitoring Reports using agreed format are submitted to DEC Likoma latest by 10th of next month 6.2 Monthly Monitoring reports are commented by DC and submitted latest by 20th of next month to the Social Protection Secretariat, NAC, EU and UNICEF 6.3 Inspection visits by Social cash Transfer Secretatriat (to be conducted twice a year) confirm that information given in Monitoring Reports is complete and correct	

Means of verification for the goal and outcome level indicators and for the indicators for output 1 will be determined by the External M+E Component

Means of verification for the indicators of outputs 2 to 5 are specified in the Guidelines for the Internal Monitoring System

Activities for each output are documented in the attached timetable of project activities

Inputs required for producing the activities are documented in the attached budget

Schedule of Activities for the Likoma Pilot Social Cash Transfer Scheme

Budget Estimates for the Likoma Social Cash Transfer Pilot Scheme for 2007 (in MK 1,000)

Activities/Type of Costs	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Total**
Operational costs								
1. Implementing the cycle of targeting and approval for 3 village groups	235							235
2. Delivering monthly cash transfers to approved households		22		22		22		66
3. Administering changes in beneficiary households		5	5	5	5	5	5	30
4. Orientation and creation of linkages to other social sector programmes	36		90					126
5. Incentives for Community Social Protection Committees							150	150
6. Implementing the retargeting cycle for 3 Village Groups								
7. Collecting information and providing monthly monitoring reports		10	10	10	10	10	10	60
8. Overheads	65	65	65	65	65	65	65	455
Total Operational costs	**336**	**102**	**170**	**102**	**80**	**102**	**230**	**1,122**
Transfer Payments		1,200		1,200		1,200		3,600
Total Budget	**336**	**1,302**	**170**	**1,302**	**80**	**1,302**	**230**	**4,722**
Operational Costs as % of total costs								24%

Budget Estimates for the Likoma Social Cash Transfer Pilot Scheme for 2008 (in MK 1,000)

Activities/Type of Costs	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Total**
Operational costs													
1. Implementing the cycle of targeting and approval for 3 village groups													
2. Delivering monthly cash transfers to approved households	22		22		22		22		22		22		132
3. Administering changes in beneficiary households	5	5	5	5	5	5	5	5	5	5	5	5	60
4. Orientation and creation of linkages to other social sector programmes													
5. Incentives for Community Social Protection Committees												150	150
6. Implementing the retargeting cycle for 3 Village Groups							235						235
7. Collecting information and providing monthly monitoring reports	10	10	10	10	10	10	10	10	10	10	10	10	120
8. Overheads	65	65	65	65	65	65	65	65	65	65	65	65	780
Total Operational costs	**102**	**80**	**102**	**80**	**102**	**80**	**337**	**80**	**102**	**80**	**102**	**230**	**1,477**
Transfer Payments	1,200		1,200		1,200		1,200		1,200		1,200		7,200
Total Budget	**1,302**	**80**	**1,302**	**80**	**1,302**	**80**	**1,537**	**80**	**1,302**	**80**	**1,302**	**230**	**8,677**
Operational Costs as % of total costs													**17%**

Cost estimates used to calculate the budget for the Likoma Pilot Social Cash Transfer Scheme

1. Cost estimates for the activity: Implementing the cycle of targeting and approval for 3 Village Groups (VGs)

The activity involves the following sub-activities that have to be conducted in each Village Group (VG) during the process of rolling out the Scheme:

- First community to explain the Scheme, to do the zoning (not more than 400 households per zone), and to set up a Community Social Protection Committee (CSPC)
  Inputs required per VG: 1 District Officer and 1 Extension Worker for 1 day.

- Two day training of CSPC members plus headmen plus up to 3 extension workers (about 20 persons)
  Inputs required per VG: 2 District Officers for 2 days, allowances, lunch and soft drinks, pens, exercise books, and handouts (photocopies) for 25 persons.

- Assisting the CSPC to conduct a ranking meeting
  Inputs required per VG: 1 District Officer and one Extension Worker for 1 day.

- Assisting CSPC to conduct a community meeting
  Inputs required per VG: 2 District Officers and 1 Extension Worker for 1 day.

- Social Protection Sub-Committee (SPSC) approval meeting
  Inputs required: 2 CSPC members travelling to Likoma Boma.

The sub-activities listed above require the following inputs/costs per VG:

Type of input	Quantity	Unit price	Costs in MK
Fuel	75 litre	200	15,000
Allowance District Officers plus drivers	13	500	6,500
Allowances Extension Workers	3	500	1,500
Training allowance	40	500	20,000
Food and soft drinks at training	40	400	16,000
Pens, exercise books, handouts	25	120	3,000
Travel costs of CSPC members	2	600	1,200
Beneficiary cards	100	100	10,000
Total costs per VG			**73,200**
Total costs per approved household			**732**
VG Chizumulu requires another 15,000 for two district officers and three crew overnight			

2. Cost estimates for the activity: Deliver monthly cash transfers to approved households

This involves a team consisting of an Accountant, another District Officer, and one Police Officer. The team is assisted by 1 Extension Worker. Payments for the two VGs on Likoma island are done on the same day at Likoma Boma. For payments to beneficiaries in Chizumulu a boat trip is required which may take two days if weather conditions do not permit return on the same day. Beneficiaries receive the payments for two months every second month. Inputs required are:

Type of input **For 2 VGs in Likoma**	**Quantity**	**Unit price**	**Costs in MK**
Allowance Police Officer	1	2,000	2,000
Costs for 2 VGs every 2nd month			**2,000**
Costs per VG every 2nd month			**1,000**
Costs per month per beneficiary HH (payments every two months)			**5**

Type of input **For VG Chizumulu**	**Quantity**	**Unit price**	**Costs in MK**
Fuel	40 litres	200	8,000
Allowance 2 District Officers plus 3 boat crew	5	500	2,500
Allowance Police Officer	1	2,000	2,000
Contingency for overnight		7,500	
Costs per trip			**20,000**
Costs per month per beneficiary HH (payments every two months)			**100**

3. Cost estimates for the activity: Administering changes in beneficiary households

This activity is triggered off by receiving reports from the CSPCs (or from others) on cases of undeserving households (Form 6) or on cases of death of heads of beneficiary households (Form 7).

It is estimated that the Scheme will receive on the average 1 such report per VG per month. The number of cases per month is therefore estimated at 3. Each case involves a trip to Likoma BOMA by a CSPC member to report the case (on Form 6 or 7), and a verification visit by an Extension Worker. Every month a District Officer should do spot checks on a number of cases. This activity requires the following inputs/costs:

Type of input	Quantity	Unit price	Costs in MK
Travel costs for reporting CSPC members	3	600	1,800
Verification visit and travel cost of Extension Workers (travel cost and allowance)	3	1,100	3,300
Spot checks by District Officer are combined with the monitoring trips on Likoma island and with the payment trips on Chizumulu, hence no extra cost			
Costs per month			**5,100**
Costs per case			**1,700**

4. Cost estimates for the activity: Orientation and creating linkages to other social sector programmes

In June 2007 the training team will be formed. It will consist of 4 district level officers, who will go through a training of trainer's process. After a classroom training based on the Manual always 1 or 2 of these officers will do the sub-activities listed under 1, while the other officers will observe and subsequently evaluate how the sub-activities have been conducted.

In August 2007 (after the role out has been completed and long before the retargeting will start) the Scheme will concentrate on establishing linkages to other social sector programmes. This activity will involve extensive district and community level exploration, planning and testing involving District Officers, Extension Workers, and representatives of civil society and the communities.

Type of input for orientation	Quantity	Unit price	Costs in MK
Allowances for District Officers and drivers	30	500	15,000
Hall Hire	8	750	6,000
Refreshments	100	150	15,000
Costs per month			**36,000**

Type of input for linkages	Quantity	Unit price	Costs in MK
Allowances for District Officers and drivers	40	500	20,000
Allowances for Extension Workers and Community Representatives	40	500	20,000
Overnight allowances District officers	10	3,000	30,000
Fuel	40 litres	200	8,000
Boat transport with 3 crew 2 nights	6	2,000	12,000
Refreshments	100	150	15,000
Costs per month			**90,000**

5. Cost for Incentives for CSPC

After six months of good performance, each Community Social Protection Committee receives an incentive of MK 50,000. This is being repeated every 12 months.

Incentives in Dec 2007	3	50,000	150,000
Incentives in Dec 2008	3	50,000	150,000

6. Cost estimates for the activity: Implementing retargeting cycle for 3 Village Groups (VGs) per month

Retargeting involves the same sub-activities that have been listed for the activity 1 (Implement cycle of targeting and approval). The total costs per VG for retargeting will be equal to the inputs as budgeted for activity 1 and is therefore estimated at MK 75,000.

7. Cost estimates for the activity: Collect information and provide monthly monitoring reports

The Manual for implementing the Pilot Scheme ensures that information on the activities performed, on the actual inputs/costs for these activities, and on the outputs achieved is systematically documented on the forms used. These forms are readily available in the filing and accounting system of the Scheme. Monitoring on activity, input and output level is therefore mainly done by compiling data from the files and accounts in such a way that the progress and cost-effectiveness is constantly documented and reported as specified in the Guidelines for the Internal Monitoring.

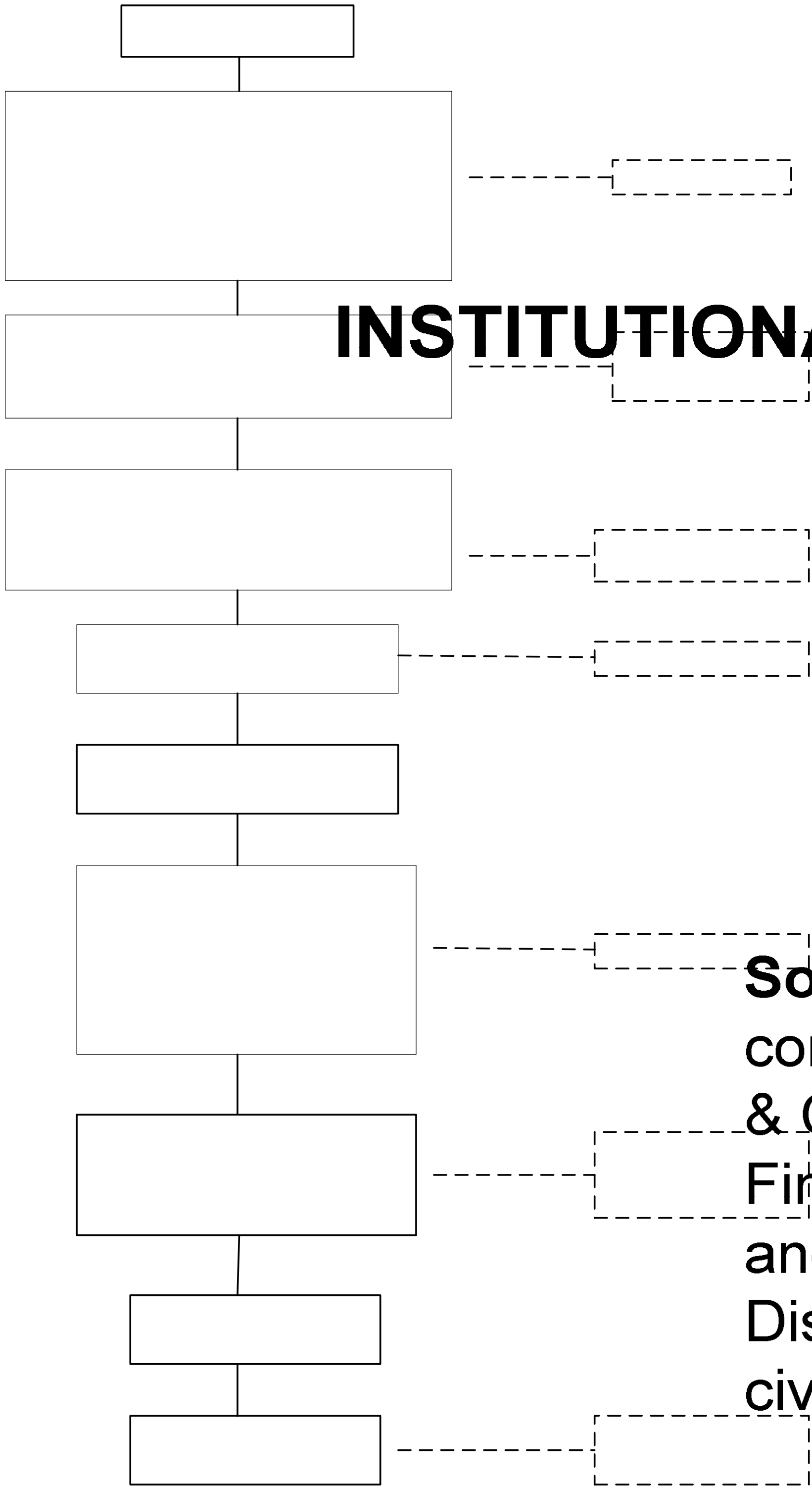
M+E on outcome and goal level is done by an External M+E Component, which is financed from a separate budget. However, in order to constantly monitor the perception of beneficiaries and non-beneficiaries and to identify early any problems that may develop on community level, District Officers will conduct 2 monitoring trips per month.

Type of input	**Quantity**	**Unit price**	**Costs in MK**
Allowances for District Officers	6	500	3,000
Allowances for Extension Workers	4	500	2,000
Fuel Monitoring for Chizumulu Island would need to be combined with the payments	50 litres	200	4,000
Costs per month			**10,000**

7. Estimated Overhead Costs per Month

The following costs are not included in the cost estimates per activity given above:

• Telephone	10,000 MK
• Photocopy services	5,000 MK
• Stationary	5,000 MK
• Toner	7,000 MK
• Flipchart paper and markers	3,000 MK
• Refreshments	5,000 MK
• Vehicle maintenance	20,000 MK
• Boat Maintenance	10,000 MK
Total monthly overheads	**65,000 MK**



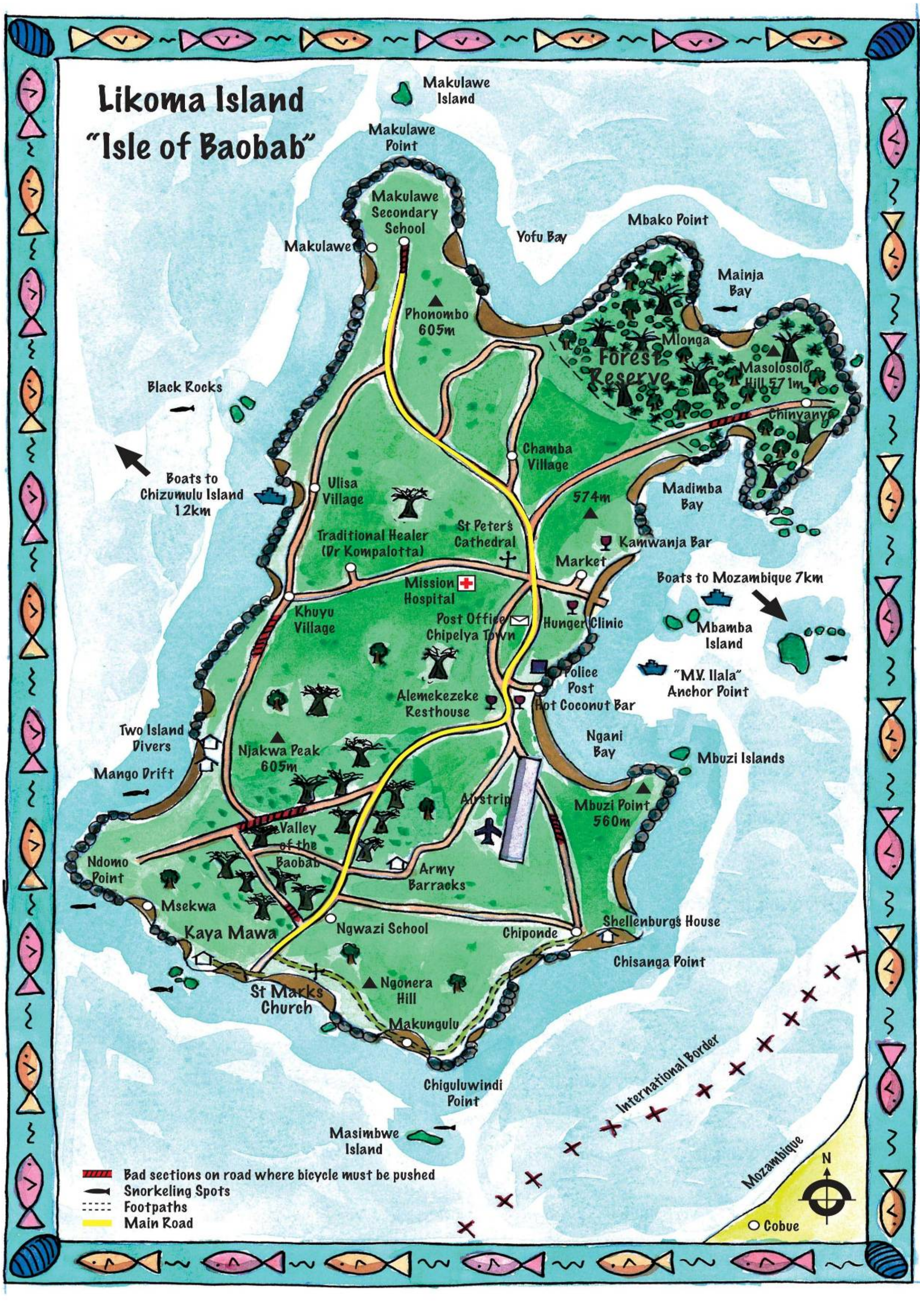
INSTITUTIONAL FRAMEW

Social Protectio
composed of the
& Child Developm
Finance; Local Go
and Development
Disaster Managem
civil society partne

Social Protectio
composed of line
society partners; a

Schedule for Role-Out of the Social Cash Transfer Scheme Likoma
Monday 4th June to Monday 1st, July 2007

Mo 4 June	9 - 12	Training of the Social Cash Transfer Team (SCTT) on how to use the Manual of Operations
	14 – 16	Preparation of 1st community meeting of VG Chalunda
Tu 5 June	9 - 12	1st community meeting VG Chalunda
	14 - 16	Training of SCTT continued
We 6 June	9 - 12	1st community meeting VG Nkwemba
	14 - 16	Preparation of training
Th 7 June	9 - 16	Training CSPC Chalunda
Fr 8 June	9 - 16	Training CSPC Chalunda continued
Mo 11 June	9 - 16	Training CSPC Nkwemba
Tu 12 June	9 - 16	Training CSPC Nkwemba continued
We 13 June	9 - 12	Ranking CSPC Chalunda
Tu 14 June	9 - 12	2nd community meeting Chalunda
	14 - 17	Preparation of approval of Chalunda applications by SCTT
Fr 15 June	9 - 12	Ranking CSPC Nkwemba
Mo 18 June	9 - 12	2nd community meeting Nkwemba
	14 - 17	Preparation of approval of Nkwemba applications by SCTT
Tu 19 June	9 - 12	Approval meeting for Chalunda by Social Protection Sub-Committee (SPSC) of the DEC
	14 - 17	Approval meeting for Nkwemba by SPSC
We 20 June	9 - 12	Evaluation of the two targeting cycles in Likoma
	14 - 17	Preparation for the targeting cycle on Chizumulu
Th 21 to Sa 29 June		Rolling out the scheme to Chizumulu
Mo 2 July	9 – 12	Preparation of approval of Chizumulu applications by SCTT
	14 - 17	Approval meeting for Chizumulu by SPSC
Last week of July		First payments to beneficiaries for the months July and August


Likoma Island
"Isle of Baobab"
Makulawe Island
Makulawe Point
Makulawe Secondary School
Makulawe
Yofu Bay
Mbako Point
Mainja Bay
Phonombo 605m
Mlonga
Forest Reserve
Masolosolo Hill 571m
Chinyanya
Black Rocks
Boats to Chizumulu Island 12km
Chamba Village
Madimba Bay
Ulisa Village
574m
St Peter's Cathedral
Traditional Healer (Dr Kompalotta)
Kamwanja Bar
Market
Boats to Mozambique 7km
Mission Hospital
Khuyu Village
Post Office Chipelya Town
Hunger Clinic
Mbamba Island
Police Post
"M.V. Ilala" Anchor Point
Alemekezeke Resthouse
Hot Coconut Bar
Two Island Divers
Ngani Bay
Njakwa Peak 605m
Mbuzi Islands
Mango Drift
Airstrip
Mbuzi Point 560m
Valley of the Baobab
Ndomo Point
Army Barracks
Msekwa
Kaya Mawa
Ngwazi School
Chiponde
Shellenburgs House
Chisanga Point
St Marks Church
Ngonera Hill
Makungulu
Chiguluwindi Point
International Border
Masimbwe Island
Mozambique
Bad sections on road where bicycle must be pushed
Snorkeling Spots
Footpaths
Main Road
N
Cobue

CHIZUMULU ISLAND
WINA
CHITEKO
DOOKO
SCH
BH
ILLALA FROM NKHATA BAY
HEADING FOR LIKOMA
MASASA
MAMBALA
LODGE
PO
MAINJA
MACHIRI ISLAND
N
LILUNGWE
BH
SCH
CHIZUMULU CDSS
CHINGOLE Mtn.
LAKE MALAWI
KEY
- ROCKY BEACH
- SANDY BEACH
- VEGETATION
- HUTS
- CHURCH
SCH - SCHOOL
- CORRUGATED ROOFED HOUSES
PO - POST OFFICE
- CLINIC
BH - BOREHOLE
- EARTH ROAD
CHITUPA
SAME
DHOW BOAT
MADIMBA
MPATIRA
LISITI
CHILUNGU
LUWERO
LIKULA
LAKE
CHIPONDE
MEMBE ISL.
DRAWN BY GEOFREY ESTRALA BANDA
CHIZUMULU C.D.S.S

Annex 7: Two day training programme for CSPCs

First Day 08.30 – 09.00	● Welcome remarks and introduction of the training programme ● Brief description of the Social Cash Transfer Scheme allowing for questions from participants
09.00 – 10.30	Distribution of Chapter III, A (2 pages) of the Manual to all participants followed by a step by step explanation of the Participative Targeting Process. Allow questions from participants. Don't discuss the level of transfers in detail at this point of time
10.30 – 10.45	Break with soft drinks. After the break only the CSPC members and the Extension Workers attend the remaining part of the training (not the headmen)
10.45 – 12.30	● Distribution of Form 1 and Chapter IV, B of the Manual (2 pages) to the participants followed by a detailed explanation on how to interview a household and how to fill in Form 1 ● Role play simulating the interview situation ● Participants split up in small teams of 2 persons. They practice filling in Form 1, one person acting as head of household while the other interviews him / her. Then they have to take turns until each one has practised once ● Then the completed forms are checked by the trainer and questions and misunderstandings are clarified
12.30 – 14.00	Lunch break
14.00 – 16.00	● Members of the CSPC are asked to split up by zone and list for each zone all households living in that zone that meet the criteria: Ultra poor and labour con strained ● Sub-groups present their to all CSPC members
16.00 .- 16.30	Winding up and payment of allowances
Second Day	8.30 – 9.00 Review day 1
09.00 – 12.00	6 teams go to interview two households each using Form 1. The trainers join two teams to observe the performance of the teams
12.00 – 13.30	Lunch break
13.30 – 15.00	Results of interviews, observations by the trainers and any remaining questions are discussed
15.00 – 16.00	● CSPC members are reminded that within the next days, they will have to do the targeting. This is done by referring again to the 2 pages (Part III,) which have already been distributed on day 1 ● Agreement on the date for ranking and for the community meeting is made ● Finally, a file is handed out to the Chairperson of the CSPC. The file contains all the forms, which are required for the targeting and approval process. ● Winding up and payment of allöwances

Annex 8: Improved beneficiary card

SOCIAL CASH TRANSFER SCHEME BENEFICIARY

Head of beneficiary household

Name: ***Jim Wotchi***
Village: ***Mtoso***

GVH: *Mphamba*
T/A: ***Kalolo***
District: ***Lilongwe***

Household Structure

- No. of HH members:----------------
- No. fit for work:-----------------------
- No. enrolled in Primary School:--
- No. enrolled in Sec.School:-------

Volume of Transfers

- For size of HH: K-----------
- Primary School bonus: K----------
- Second School bonus: K-----------
- Total per month: K----------

Payments commence (month/year):

Representative of head of beneficiary household

Name:

Record of Transfers Received

Month	Amount	Signature	Date	Month	Amount	Signature	Date
July (2007)				Mar(2008)			
August				April			
September				May			
October				June			
November				July			
December				August			
January(2008)				September			
February				October			

Annex 9: TOR for the National Social Cash Transfer Secretariat (draft)

1. Assist District Assemblies (DAs) of pilot districts to plan and prepare the scheme

- Orient DA officers on the objectives and organization of the scheme
- Ensure that the pilot area is defined and that an inventory of Village Groups (VGs) and villages and the number of households per village is made as this is a precondition for planning the scheme
- Assess capacity of the DA and assist in writing proposals for initial investments by UNICEF (like renovating of offices, supply of computer, printer, copier). For details see guidelines for capacity assessment
- Ensure that district level Social Cash Transfer Secretariat (SCTS) is established and a number of trainers are appointed. It is essential that the head of the SCTS is an effective manager! Also ensure that a Social Protection Sub-Committee of the DEC is established
- Moderate planning workshop and produce standardized workshop report
- Assist in producing a NAC proposal in cooperation with the NAC officer for the respective district
- Ensure that all documents required by NAC are submitted timely and in accordance with NAC requirements
- Monitor closely NAC decision making process in order to ensure timely approval of financing proposals submitted by the district

2. Assist DAs to start implementation of the scheme

- Conduct a three weeks training for the SCTS and the potential trainers. The training has to include two targeting and approval cycles and can involve experienced officers from districts like Mchinji. Try to involve NAC officers as much as possible
- Ensure that the filing and accounting system is set up in accordance with the Manual of Operations and in line with NAC regulations
- Assist in planning the role out of the scheme (which VGs in which months)
- Assist in detailed planning of the role out for the first three months (which trainers implement which events in which VGs on which calendar days)
- Set up the internal monitoring system
- Ensure that one experienced officer (e.g. from Mchinji) assist the new SCTS for the first three months
- Do everything possible to ensure that the equipment to be provided by UNICEF and the funds to be provided by NAC are accessible in time
- Encourage DA officers to communicate to the national SCTS immediately any problems that may disturb the smooth functioning of the scheme in order that timely corrective action can be taken. Discourage any ‘sit and wait’ attitude.

3. Closely monitor the performance of the schemes in all pilot districts

- Insist that monthly monitoring reports arrive latest by 20th of the month following the reporting period

- If reports do not arrive in time, identify reasons and ensure that immediate corrective action is taken
- Analyse each monthly report and give feedback in writing to the respective district teams through the DC
- In case monitoring reports indicate problems – provide effective assistance to solve those problems. Involve respective national stakeholders in the problem solving and follow up until problems are solved
- Visit districts bi-monthly for two days (if possible together with a NAC officer) in order to check if monitoring reports are correct and complete. Check filing systems and accounts in detail. Talk to stakeholders including CSPC members and beneficiaries and encourage them to report progress as well as problems. Keep in mind that 'Trust is good but control is better'
- Write reports on each visit and distribute them to the Social Protection Unit, to NAC and to UNICEF. Reports should include recommendations on who should do what to solve problems that may have been identified
- Follow up if recommendations have been implemented and report on corrective action taken in each of the next bi-monthly reports until the problem is solved

4. Communicate with and coordinate all stakeholders involved in the scheme

- Provide bi-monthly reports to SPU, NAC and UNICEF on the progress and performance of the scheme based on the monthly monitoring reports received from the districts and on the reports of the bi-monthly inspection visits
- Ensure that www.socialcashtransfers-malawi.org is regularly updated
- Administer an archive containing all reports, publications and news clips on the scheme
- Liaise closely and regularly with all stakeholders, especially with regard to funding issues, in order to ensure that financial contributions by NAC and respective liquidations by the districts are provided timely and in accordance with approved budget plans and with NAC regulations
- Ensure that never ever payments to beneficiary households are delayed because of delays in funding or because of any other reason. In case there is any danger that beneficiary payments could be delayed, alarm immediately senior management of all agencies involved.

Annex 10: Training on Social Cash Transfers as a Component of the Malawi Social Protection Strategy - Magomero College - 29 to 31 May 2007

Objective and Programme

Participants understand the concept of social protection, are informed on the ongoing process of elaborating a social protection policy for Malawi and are familiar with the pilot social cash transfer scheme that has started in Mchinji District.

Tuesday, 29 May

09.00 to 12.30
- Introduction to the concept of Social Protection and to the process of developing a Social Protection Policy for Malawi
- Rational and organization of the Pilot Social Cash Transfer Scheme in Mchinji
- The role of Social Welfare Officers in implementing the Scheme
- The Manual of Operations

14.00 to 17.00
- Based on the Manual of Operations six working groups prepare presentations on different phases of the targeting cycle (first community meeting; training of Community Social Protection Committee; ranking; second community meeting; approval by Social Protection Sub-Committee; first payments)

Wednesday, 30 May

09.00 to 12.30
- Working groups give 20 minutes presentations followed by 30 minutes for discussion

14.00 to 17.00
- Presentations and discussions continued

Thursday, 31 May

09.00 to 12.00
- Dialogue on open questions, concerns and controversial issues regarding social cash transfers in Malawi (sequence of group work and plenary discussions)

Preparation: Participants are required to study the following documents which will be made available one week before the training starts:

- The Malawi Social Protection Framework
- A five page summary on the Mchinji Scheme
- The Manual of Operations of the Mchinji Scheme
- EPRI (2006) Designing and implementing Social Cash Transfer Schemes

Annex 11:

Social Protection Policy

Malawi

Drafted by a Task Force of the Social Protection Technical Committee February 2007

1. Introduction

1.1 Background

Malawi is a nation of 12.6 million people and ranked 166 out of 177 countries in the 2006 Human Development Index. The population of the country is predominantly rural (83%) with high dependency on agriculture through small holder farmers and on fisheries. Population growth is at 2 percent per annum. The country is characterized by deep and wide spread poverty manifested by low income, low literacy, food insecurity and high malnutrition rates among children. More than half of the population (52%) is living below the poverty line and 22 % of the population are ultra poor. The per capita gross domestic product (GDP) in 2006 was US$ 160 down from US$ 210 in 2001 and the annual national budget is approximately US$ 1 billion.

Malawians face problems of both chronic poverty and vulnerability. Until today, a large group of the population fails to attain minimum acceptable consumption levels of food and basic needs such as health, nutrition, education, shelter and clothing.

Poverty is characterised by being more rural than urban, more prevalent for female-headed households, elderly-headed households, large households, and those with high dependency ratios.

Of equal concern to the persistence of poverty is evidence suggesting that poor households in Malawi have become more vulnerable over the past ten or fifteen years. Vulnerability persists in the country due to shocks such as drought, floods and incidences of HIV/AIDS (prevalence of 14,4%), orphan-hood (over 1 million children), malaria, cholera outbreaks and other diseases. (MPVA, 2006).

Many factors are implicated in rising vulnerability in Malawi, and it is often the joint effect of these, rather than any single reason taken on its own, that add up to greater risk and less ability to deal with shocks. Failure to recover sufficiently from past shocks (such as the 2001/02 food crisis), prevalence of HIV/AIDS, declining farm size, deteriorating soil quality, few non-farm income earning options, and low overall economic growth are some of the reasons that tend to be cited in this context. Shocks have the effect of depleting household assets, and it is the inability to rebuild assets fast enough due to these background reasons that result in growing rather than diminishing vulnerability over time.

As a way of addressing poverty and vulnerability, the Government of Malawi developed the National Safety Nets Programme (NSNP) under the Malawi Poverty Reduction Strategy. The NSNP consisted of four programmes, the Public Works Programme, the Targeted Nutrition Programme, the Targeted Inputs Programme and Direct Welfare Transfers Programme. Due to various reasons the National Safety Nets Programme has not achieved its goal, of reducing poverty and vulnerability due to the following mayor constraints:

- *lack of policy on safety nets;*
- *development of uncoordinated short term and fragmented projects/programmes;*
- *the programme had inadequate funding and human resource capacity.*

Recognising these weaknesses, Government, the donor community and other stakeholders explored ways for improvement. All agreed on the need to shift from safety nets to social protection.

Social Protection features as the second Theme in the Malawi Growth and Development Strategy (MGDS). The MGDS is the successor to both the Poverty Reduction Strategy and the Malawi Economic Growth Strategy and was approved in October 2006. The MGDS represents a nationally owned strategy for investing in both social and economic growth and development and serves as the basis for coordination of all socio-economic and development activities.

1.2 Rationale

The 52% households in absolute poverty are heterogeneous and have diverse needs. Figure 1 disaggregates the households below the poverty line into four categories and gives estimates (based on the IHS 2005) on the number of households suffering from different types of poverty. Each of the four categories of poor households has different needs and requires different types of Social Protection interventions:

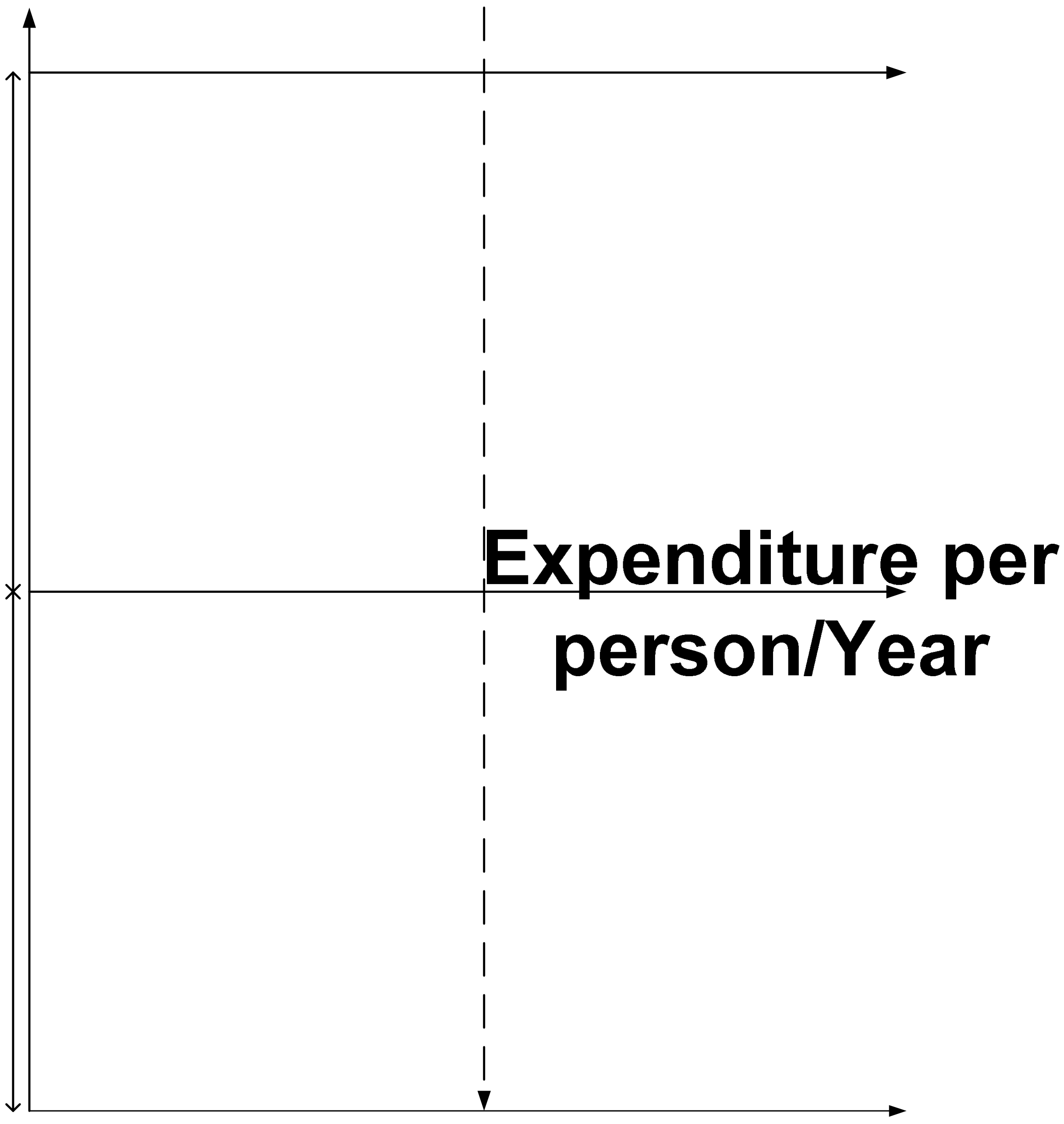
(A) Moderately poor with labour. The approximately 600,000 households in Category A are in a relatively favourable situation. They are just moderately poor and include household members able to do productive work. They can respond to labour-based projects and programs in order to overcome their poverty and hunger**.**

(B) Moderately poor without labour. The approximately 150,000 Category B households are labour-constrained and are therefore unable to respond to labour-based interventions. Households headed by a pensioner, who receives a small pension, or households regularly supported by the extended family are typical for this group.

(C) Ultra poor with labour. The approximately 300,000 Category C households suffer from ultra poverty in spite of the fact that they have household members able to perform productive work. Many small-scale farmers and fishermen fall into this category. To improve the economic situation of these households they have to be targeted by programs specifically tailored for ultra poor but viable households.

(D) Ultra poor without labour. The approximately 250,000 households in Category D are in the most unfavourable situation. They suffer from ultra poverty. At the same time they cannot respond to development projects or programs because they have no household members able to perform productive work. They have no or little self-help capacity. This group – the 10% worst off households in Malawi – most urgently requires Social Protection interventions. More than 60% of the approximately 1.3 million Malawians living in Category D households are children.

Figure 1: Households suffering from different categories of poverty



For a number of reasons the ongoing safety net interventions do not reach the majority the ultra poor households and/or do not meet their most pressing needs (a detailed needs analysis is given in chapter 3). As a result, categories of poor and vulnerable groups such as the elderly, chronically ill, households affected by HIV and AIDS, orphans/child-headed households, female headed households, persons with disabilities and others, have difficulties to access essential social services and they daily struggle for survival, growth and development. The reasons for this being that:

- programs are not tailored to the specific needs of the different categories of ultra poor households
- interventions are uncoordinated and mostly short term, while ultra poor households require long term support
- interventions designed to meet the poor with labour do not assist them in building productive assets
- interventions fail to protect the poor from livelihood risks and shocks.
- targeting was in some cases problematic
- resources in terms of funds and capacities for implementation and coordination are inadequate.

All these issues have to be addressed by the Social Protection Policy.

Definition, Aim and Purpose of the Social Protection Policy

- Social Protection constitutes programmes and actions that protect and promote the livelihoods and welfare of the poorest and most vulnerable people
- The Social Protection Policy aims to guide and control Social Protection interventions in such a way that programmes are well designed and meaningfully meet the needs of various categories of ultra-poor, poor and vulnerable people
- The purpose of Social Protection is to enable poor and vulnerable people to attain a dignified life with an adequate standard of living such that poverty is not passed from one generation to the next. Priority is given to reaching the poorest and most vulnerable.

1.3 Linkages with Other Relevant Policies

Social Protection has bearings in the Malawi Constitution under articles 30, 37 and 43 and is the second Theme of the Malawi Growth and Development Strategy (MGDS). The MGDS defines the goal of Social Protection as follows:

'The long term goal under this theme is to improve the social-economic indicators for the most vulnerable. This is designed to ensure that the most vulnerable with limited factors of production are sufficiently cushioned.'

Malawi is signatory to many relevant international instruments, conventions and declarations that represent guiding principles of social protection, which include the Millennium Development Goals (MDGs), the Universal Declaration on Human Rights (UDHR), the Convention on the Rights of the Child (CRC), the Convention on the Elimination and Discrimination against All Women (CEDAW) and the Livingstone Call for Action, Zambia, March 2006.

Social Protection has important links to economic growth, social policies (such as health, education and HIV and AIDS policies), economic policies and to disaster risk reduction and management.

Both the economic and social policies aim at investing in and protecting the existing and future labour force of the country to meaningfully contribute to the country's development. Poverty and vulnerability at the household level, has often been the barrier preventing the ultra-poor and most vulnerable groups from accessing health, education and productive assets. The linkages and scope of Social Protection in relation to other Policies and Instruments are outlined in Figure 2.

Figure 2: The linkages of social protection with other policies and instruments

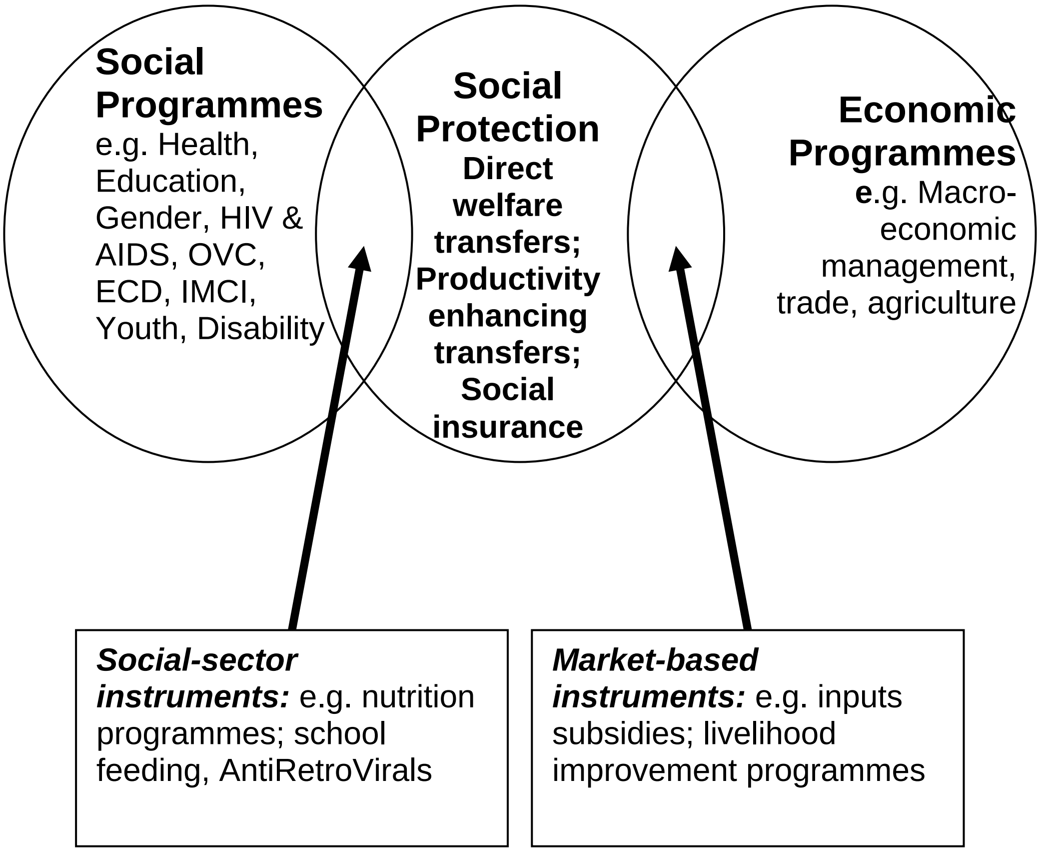


Figure 2 shows that the aim and purpose stated above can only be achieved through a combination of policies that complement and reinforce each other. The role of the Social Protection Policy as an integral component of the MGDS is to ensure that ultra poor households receive more attention than was given to them in the past. Figure 2 also illustrates the scope of Social Protection interventions versus interventions in other policy areas. Social Protection interventions will not infringe on or duplicate the established policies and programs in the field of Social Development, Economic Development and Disaster Management, but will complement these programmes.

1.4 Key Opportunities, Challenges and Barriers

Opportunities

Social Protection is gaining momentum in Malawi as there is high level Government commitment for Social Protection which is met by commitment from development partners. Government has put in place a national level Social Protection Steering and Technical Committee and a Social Protection Coordination Unit.

Social Protection fits well with the Government's vision which is to eliminate extreme poverty and the goal to empower the poor to be able to contribute to economic growth. In addition to this, the process of decentralisation contributes to opportunities for more effective implementation of Social Protection interventions at district and community levels.

The Government has introduced a fuel levy earmarked to finance Social Protection interventions. In addition the HIPC completion point has been reached in September 2006, resulting in the cancellation of 90 percent of its external debt of US$ 3 billion. This has improved the ability of the Government to invest in Social Protection.

Challenges and Barriers

i. institutional challenges

- *Sustained and effective Government leadership and coordination of social protection at all levels*
- *Frequent transfers of government responsible persons*
- *Lack of clarity amongst stakeholders on roles and responsibilities versus designing and implementation of social protection interventions.*

ii. financing challenges

- *Un-reliable and inadequate funding for social protection from national budgets and development partners*
- *Limited investment in institutional and human resource capacity and accountability systems at all levels*
- *Competing demands for national investment, hence the need for priority setting and equitable resource allocation.*

iii. human resource challenges

- *Inadequate staffing of responsible Government institutions at national and decentralised levels*
- *Limited capacity and knowledge in Social Protection of Government personnel to lead, coordinate, manage, guide and monitor meaningful social protection interventions*
- *Limited capacity and knowledge in Social Protection of other stakeholders from development partners and civil society.*

iv. management challenges.

- *Negative perception of social cash transfers and social protection interventions*
- *The lack of established and long term interventions Social Protection interventions*
- *Some interventions have inadequate targeting methodologies*
- *Lack of well managed database and equitable geographical distribution of programmatic interventions*
- *Ongoing poverty reduction programs focus on rural poverty while the poverty and vulnerability of urban households receives little attention*
- *Interventions are not well coordinated and are distributed in a piecemeal fashion*
- Potential political interference

2. Broad Policy Directions

2.1 Vision

Ultra poverty is eradicated and income inequality is decreased[1].

2.2 Mission

Provide and promote productivity-enhancing interventions and welfare support for the ultra poor and vulnerable, as well as interventions that reduce risks and the impact of shocks, thereby facilitating movement of people out of ultra poverty and reducing the vulnerability of those in danger of falling into ultra poverty.

2.3 Principles

1.) <u>Leadership</u> – Strong government ownership and leadership at all levels (national, district and local) should provide for the coordination and alignment of partners' long-term support under this policy, including the contributions from non-state actors.

2.) <u>Needs and evidence-based</u> – Social protection must be based on evidence and analysis of who needs what type of assistance, when (and for how long), where and why? It should be driven by needs, not by instruments; should give priority to the ultra poor; and should include an analysis of the cost-effectiveness of alternative interventions.

[1] By prioritizing ultra poverty eradication the Policy focuses on the most pressing Social Protection problem and allocates scarce resources in such a way as to maximize the welfare impact of the interventions.

3.) Beneficiary preferences prioritised –Beneficiaries should be consulted and closely involved in the design, planning and implementation of social protection interventions.

4.) Tackling social exclusion and marginalisation – Social protection should address social as well as economic vulnerabilities, by protecting disempowered individuals such as vulnerable women and children, the disabled, HIV and AIDS affected, and households against discrimination and exploitation.

5.) Timely, standardised and reliable transfers – Social protection interventions should be delivered in a timely, reliable, well-coordinated and sustainable manner and be standardised across the country.

6.) Rights-based - Social protection should promote the progressive realisation of human rights as articulated in Malawi's constitution (Cap 4, Sec 30, 37, 43) and other relevant national and international legal instruments.

7.) Accountable and transparent – Social protection should be transparent, incorporating principles of accurate and timely dissemination of information; publicity of instances involving abuse of the system; disclosure of the contract terms and unit costs of NGO or private agencies selected to administer social protection interventions; and transparency in the granting of tenders for the provision of social protection services. Any targeting must be fair, and seen to be fair.

8.) Common financial management, reporting and monitoring and evaluation guidelines – Government agencies and partners involved in social protection should commit to a common set of financial management, audit, progress, monitoring and evaluation and reporting processes, consistent with national and international guidelines and indicators.

9.) Sustainable, long-term funding – Government and partners should be committed to reliable funding, using appropriate mechanisms (basket funding) that provide predictable and institutionalised funding to social protection, under Government control and sustainable over the long term.

2.4 Overall Goal

By 2015, the ultra poverty rate of 22% as of 2005 is reduced to 10% by lifting ultra poor households out of ultra poverty and preventing moderately poor households from falling into ultra poverty.

2.5 Objectives

- By 2015, 200,000 households who are ultra poor and labour constrained in 2007 have been lifted over the ultra poverty line
- By 2015, 100,000 ultra poor households with labour capacity have graduated out of ultra poverty
- By 2015, the incidence of moderately poor households falling annually into ultra poverty has been reduced by 50%.

These objectives will be reached by:

- Provision of social welfare interventions for labour constrained, ultra poor households
- Employment and productivity enhancing interventions for ultra poor households with labour
- Protecting moderately poor households (categories A + B) from falling into ultra poverty

3. Policy Themes

3.1 Policy Area: Social Protection for ultra poor households that are labour constrained (high dependency ratio)

Needs Analysis

The most pressing needs of labour constrained ultra households are:

- Access to basic goods and services required for their survival (consumption needs) and access to basic education (investment in human capital)
- Access to basic goods and services includes access to food, clothing, blankets, soap, shelter, water and sanitation, basic health services and transport. In addition some households require access to home based care and psychosocial support
- Support to labour constrained ultra poor households has to be reliable, predictable and long term until the household structure (dependency ratio) has improved

Extent to which this category of households is reached and extent to which needs of this category are met by ongoing programs and projects:

- Preliminary information signals that this group was somehow targeted but hardly reached by any Social Protection programmes
- Data on who is reached or who is not reached are not available
- In case of an emergency situation, temporary food aid is reaching all households including the labour constrained ultra-poor, but does not meet their need for continuous support and their need for access to non-food goods and services

- The few Social Protection Programmes that target destitute households reach only a small fraction of the target group and are not able to support them in a reliable and sustainable manner

Gap between Social Protection needs of labour constrained ultra poor households and the outreach and impact of ongoing Social Protection programs:

- Lack of continuous, well targeted and effective transfer programmes covering the most pressing consumption and investment in human capital (education) needs of this category of households.

Implementation plan

Specific objective: By 2015, 200,000 households who are ultra-poor and labour constrained in 2007 have been lifted over the ultra poverty line

Strategy 1: The Social Cash Transfer Pilot Scheme (if positively evaluated) complemented by Home Based Care/ Psychosocial Support will be scaled up

Strategy 2: The following programs will be piloted:

- Additional Social Cash Transfer Schemes will be piloted in Chitipa, Likoma, Salima, Mangochi, Machinga and Phalombe

- Access to cash for people living with AIDS for transport costs to get treatment and for nutrition support (in cash or kind) will be provided at hospitals and treatment centres. This support will be provided as a universal grant without means-testing.

3.2 Policy Area: Social Protection for ultra poor households with labour (low dependency ratio)

Needs Analysis

The most pressing needs of ultra poor households with labour are:

- Access to goods and services to meet basic needs for survival (consumption needs like food, shelter, clothing, hygiene articles, and access to health care and other basic services)
- Access to permanent employment and/or to means of production and economic empowerment in order to generate income (skills and education, productive assets, farm inputs, water for irrigation, land).

Extent to which ultra poor households with labour are reached and their needs are met by ongoing programs and projects:

- Few programs cover both, the immediate consumption needs of these households and their need for generating sustainable income. These few and mostly temporary programs are usually captured by moderately poor or non-poor households rather than by ultra poor households because demand is usually high and supply is limited.

Gap between Social Protection needs of ultra poor households with labour and the outreach and impact of ongoing Social Protection - related programs

- Programs which cover both consumption needs and the need for sustainable income generation are needed. These programs may be stand-alone or integrated with other programmes
- Most ongoing public works programs are not effectively reducing ultra poverty because they are short-term and low-waged.

Implementation plan

Specific objective: By 2015, 100,000 ultra poor households with labour capacity have graduated out of ultra poverty.

Strategy 1: The following programs will be scaled up:

- Integrated pro-poor livelihood programmes like the pass-on livestock project and I-life (integrated: inputs, assets for irrigation and agriculture)
- Some public works that provide cash for assets and for consumption
- Adult literacy and functional education for livelihoods.

Before scaling them up, the effectiveness of targeting ultra poor households, the cost-effectiveness and the extent to which each programme meets the needs of ultra poor households with labour will be assessed.

Strategy 2: The following programs will be modified to meet the needs of this category:

- Microfinance (tailored to the possibilities of the ultra poor, e.g. with a soft loan or grant component) and managed independently
- Public works modified to meet immediate and long term needs (consumption needs and income generation needs) for graduation. This includes transfers for consumption and provision of means to accumulate assets.
- Adult literacy and functional education programs combined with cash transfers
- Inputs for production combined with consumption transfers

Strategy 3: The following new programs will be piloted:

- Cash for investment (unconditional) consisting of temporary consumption transfers combined with cash for capital. In other words, cash for consumption is provided until the assets are able to provide income for their consumption needs.
- Skills training programs (IGA) for members of ultra poor households with labour combined with provision of inputs required to use the acquired skills

- Public works schemes utilising ultra poor members of ultra poor households with labour on a long term basis for community related services.

Upon review, successful pilots will be scaled up for greater reach.

3.3 Policy Area 3: Social Protection for moderately poor households with and without labour

Needs Analysis

Needs of moderately poor households:

- Moderately poor households need to improve their economic situation (sustainable increase of their income and accumulation of assets) by gainful employment and /or self-employment in order to achieve consumption levels above the poverty line
- At the same time moderately poor households need protection from risks and shocks that predispose them to fall into ultra poverty. They require interventions that reduce their vulnerability to life-cycle risks, illness and unemployment and to economic and natural disasters.

Extent to which moderately poor households are reached and their needs are met by ongoing programs and projects:

- The need of moderately poor households to graduate out of poverty is addressed by a number of programs in the area of social and economic development. These interventions – if successful – already reduce the vulnerability to shocks that could push moderately poor households into ultra poverty
- Disaster management interventions have cushioned the impact of shocks resulting from droughts and floods
- Ongoing pension schemes for government workers provide some security to retirees, but are too low to be effective
- Public works programmes are short term, provide employment only for a limited number of days and pay low wages
- Other safety net programmes under the NSNP (Targeted Nutrition Programme, Targeted Input Programme) do neither reduce poverty nor vulnerability on a significant scale or have never taken off (Direct Welfare Transfers).

Gap between the need to reduce the vulnerability of moderately poor households and the outreach and impact of ongoing programs:

- Social and economic policies aiming at reducing absolute poverty have to become more effective. This is, however, not the task of the Social Protection Policy but has to be achieved by the combined effort of appropriate social and economic interventions (see Figure 2). Examples of such interventions that reduce risks and vulnerability but have to be covered by other Policies are HIV/AIDS prevention and treatment (Health Policy), the setting of minimum standards to protect citizens at the work place (Labour Policy) and all poverty reduction interventions (Economic Policies)

- The Social Protection Policy will complement the social and economic interventions that aim at promoting and protecting moderately poor households. The Policy will focus on filling the gap in the area of formal and informal risk management programs that reduce the impact of life-cycle risks, illness, disability and unemployment.

Implementation Plan

Specific objective: By 2015, the incidence of moderately poor households falling annually into ultra-poverty has been reduced to 50%.

Strategy 1: The scaling up of Savings and Loan Schemes will be supported

Strategy 2: The following ongoing programs will be modified in order to make them more effective in supporting livelihoods and coping mechanisms of moderately poor households:

- Pension schemes will be reviewed frequently to adjust payments to the cost of living
- Public Works Programmes will be modified for longer term, higher wages, and other assets/services like environmental rehabilitation, home based care, irrigation, artificial dams, nutrition gardens, water and sanitation
- Schemes like I-Life and other integrated livelihood programmes will be modified to include an insurance against life-cycle risks

Strategy 3: The following new programs will be piloted:

- Insurances covering life-cycle risks (old age, funerals)
- Formal community based health and disability insurance (Ghana model)
- Unemployment insurance
- Pensions in the non-state sector
- Crop insurance for small farmers

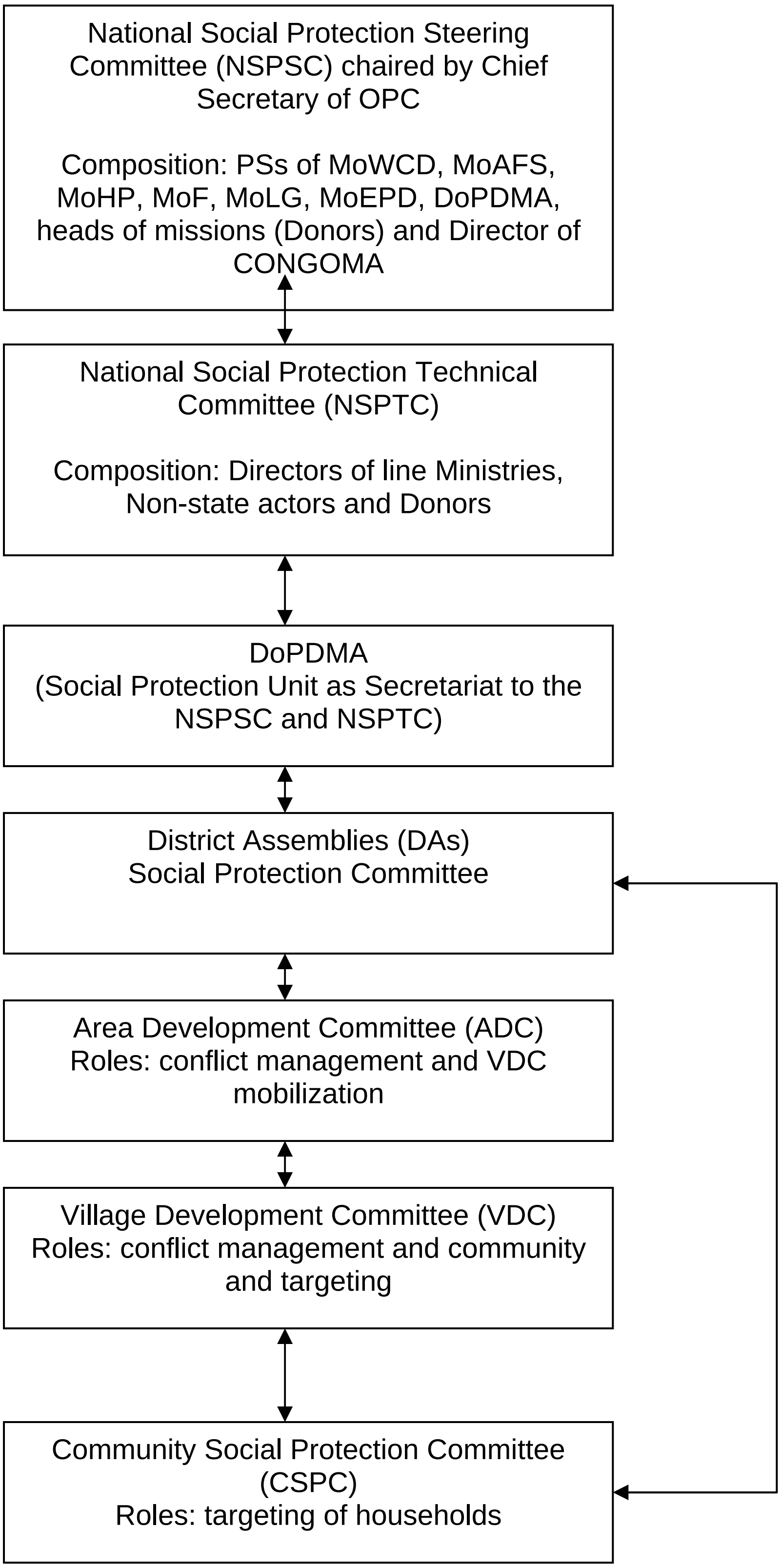
4. Implementation Arrangements

4.1 Institutional Arrangements

The Department of Poverty and disaster Management (DoPDMA) will be the coordinating agency for the National Social Protection Programme (NSPP). The National Social Protection Steering (NSPSC) comprising Principal Secretaries from the key line Ministries and Heads of Missions for the Donor and Development Partner Institutions will be responsible for matters of policy and resource mobilization. The National Social Protection Technical Committee (NSPTC) will be responsible for technical direction and recommendation on programme implementation.

The District Assemblies will be responsible for coordinating and implementing of Social Protection activities at the district level together with other partners. The District Assemblies will therefore coordinate all the implementing partners including line ministries, NGOs and other partners. At the local level, the Village Development Committee will work with the Community Social Protection Committees to oversee targeting and implementation of Social Protection activities.

Figure 3: Institutional arrangements



4.2 Funding Arrangements

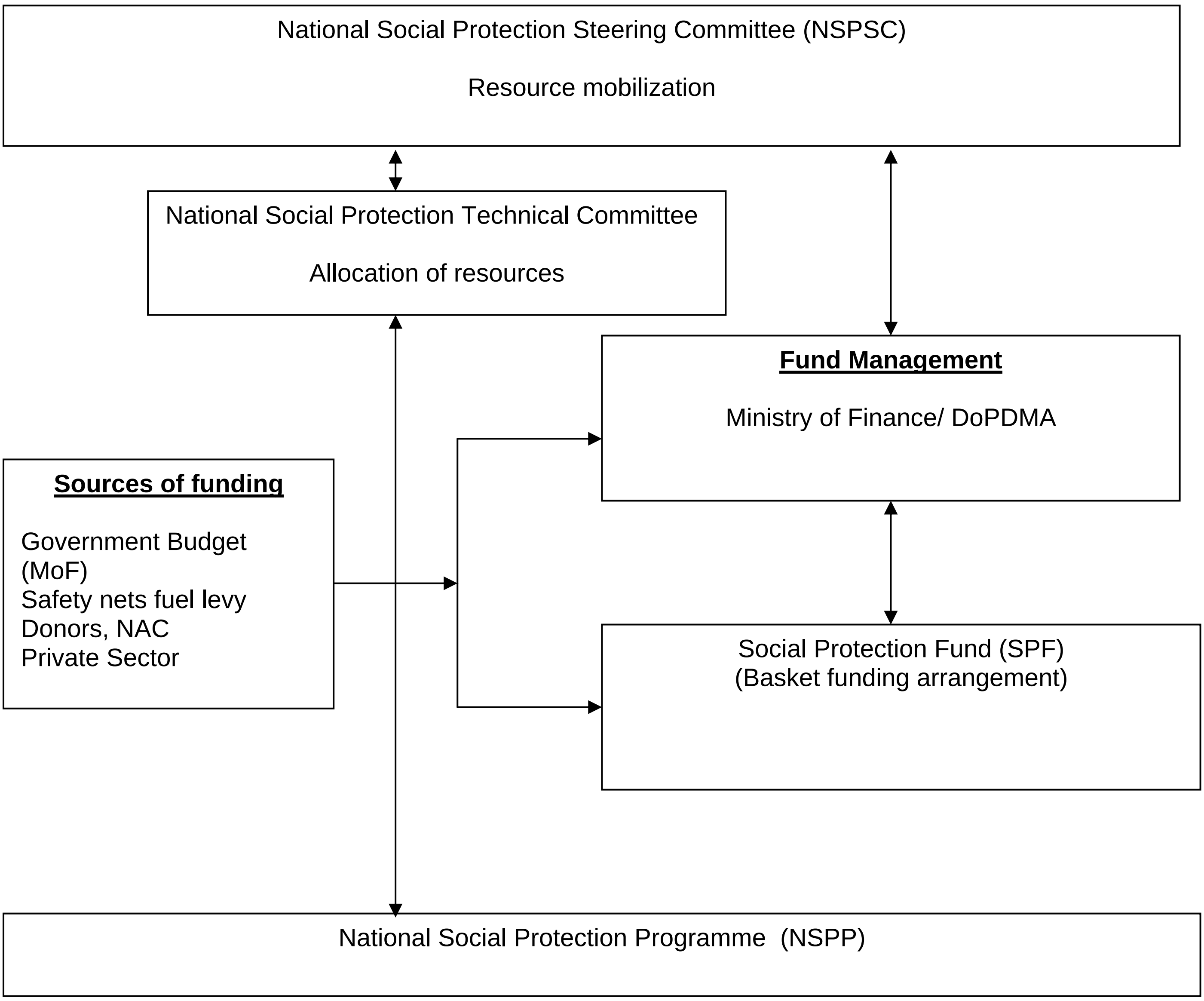
There will be need to create a Social Protection Fund (SPF) using a basket funding mechanism. The sources of funding will include: (i) Government budget (1.5%), (ii) social protection fuel levy (iii) donors and development partners contributions and (iv) private sector contributions.

The SPF will be managed by the Social Protection Unit of the DoPDMA and the approval of disbursement of the funds will be done by the NSPSC based on programmes recommended by the NSPTC. In order to qualify the DoPDMA for this task a functional review will be conducted followed by appropriate capacity building activities.

All resources meant for Social Protection will have to be deposited into the SPF. In order to achieve sustainability and predictability, there will be need for partners to make financial commitments for at least 3 years.

For the approval, coordination, monitoring, evaluation and reporting of Social Protection interventions that are not financed by the SPF Government will establish guidelines.

Figure 4: Funding arrangements



4.3 Implementation Plan

Government will develop the National Social Protection Programme (NSPP) by June 2007. The NSPP will be included as an appendix in the policy.

4.4 Risks

The following will constitute key risks to the implementation of the policy:

(i) Political commitment

(ii) Delays in strengthening the capacity of DoPDMA and DAs

(iii) Long-term financial commitments not honoured

(iv) Delays in honouring financial commitments

(v) Political interference

(vi) Pressure from stakeholders to scale-up programmes without proper structures in place.

5. Monitoring and Evaluation

5.1 Means of monitoring

The Government commits to implementing a national Monitoring and Evaluation System for implementation of this Social Protection Policy.

In particular this System will address:

i) Efficient use of available resources (cost-effectiveness);
ii) Effective coordination of relevant partners to implement Social Protection programs;
iii) Ensuring that key stakeholders and implementing partners have sufficient capacity to carry out monitoring and evaluation activities;
iv) Progress in reducing ultra poverty and protecting the moderately poor from falling into ultra poverty - the specific objectives described in Section 2 - will be monitored using the following sources with additional indices and analyses to include references to the different poverty groups:

  - Integrated Household Survey (including indicators differentiating between ultra poor with/ without labour)
  - Core Welfare Indicator Survey (including indicators differentiating between ultra poor with/ without labour)
  - Annual and monthly reports from relevant programs (See Policy Impact Monitoring and Evaluation *Appendix 2*)

The Government will coordinate and lead the monitoring and evaluation process and ensure timely reporting and dissemination of results. A Social Protection Monitoring and Evaluation Report covering the above assessment areas will be published annually. All agencies implementing programs related to this Policy will report regularly to the respective coordinating body.

Government will commission an independent assessment of implementation of this Social Protection Policy following publication of the annual Monitoring and Evaluation Report. The findings of the independent assessment will be discussed at an annual Stakeholders Meeting.

Monitoring and Evaluation results will be used to inform policymakers, program implementers and donors to directly influence programme planning and design processes as well as resource management.

Monitoring and evaluation tools for respective social protection programs will be harmonised, utilising a common reporting format. The Government will devise this common reporting format based upon the Government of Malawi Monitoring and Evaluation System Master Plan.

5.2 Review of Policy

This Policy will be reviewed in 2011 and again in 2016 after monitoring key milestones and targets.

Appendix 1: Implementation Plan for Policy Area 3.1
Overall policy goal: By 2015, the ultra poverty rate of 22% as of 2005 is reduced to 10% by lifting ultra poor households out of ultra poverty and preventing moderately poor households from falling into ultra poverty.
Specific Sector Objective: By 2015, 200,000 households who are ultra-poor and labour constrained have been lifted over the ultra poverty line.

Strategies	Programs in each strategy	Implementing agencies / organizations for each program	Risks associated with each program
3.1.1 Programs to be scaled up	Social Cash Transfer Pilot Scheme (if positively evaluated) combined with Home Based Care and Psychosocial Support	1. Department of Poverty and Disaster Management Affairs, Ministry of Women and Child Development, District Assemblies	Independent evaluation has not yet been completed Feasibility of scaling up to other districts has not yet been verified Timely and reliable funding
3.1.2 Programs to be piloted	1. Social Cash Transfer Pilot Schemes in Chitipa, Likoma, Salima, Mangochi, Machinga and Phalombe 2. Access to cash for people living with AIDS for transport costs to get treatment and for nutrition support (in cash or kind) will be provided at hospitals and treatment centres. This support will be provided as a universal grant without means-testing.	1. Department of Poverty and Disaster Management Affairs, Ministry of Women and Child Development, District Assemblies 2. Department of Poverty and Disaster Management Affairs, Ministry of Health	Coordination and technical assistance capacity of the Social Protection Unit Implementation capacities of the District Assemblies Timely and reliable funding

Appendix 1: Implementation Plan for Policy Area 3.2

Overall policy goal: By 2015, the ultra poverty rate of 22% as of 2005 is reduced to 10% by lifting ultra poor households out of ultra poverty and preventing moderately poor households from falling into ultra poverty.

Specific Sector Objective: By 2015, 100,000 ultra poor households with labour capacity have graduated out of ultra poverty.

Strategies	Programs in each strategy	Implementing agencies / organizations for each program	Risks associated with each program
3.2.1 Programs to be scaled up	1. Integrated pro-poor livelihood programmes like the pass-on livestock project or I-life (integrated: inputs, assets for irrigation and agriculture) 2. Some public works that also give cash for assets and also consumption 3. Adult literacy and functional education for livelihoods Before scaling them up, the effectiveness of targeting ultra poor households, the cost-effectiveness and the extent to which each programme meets the needs of ultra poor households with labour will be assessed.	1. Ministry of Agriculture and Food Security, Ministry of Irrigation and Water Development, District Assemblies, Agriculture-related NGOs 2. Ministry of Local Government and Rural Development, Ministry of Transport and Public Works, District Assemblies, NGOs, 3. Ministry of Women and Child Development, Ministry of Education and Vocational Training, District Assemblies, NGOs	All programs have to be assessed with regards to the effectiveness of targeting Group C, cost-effectiveness and impact.
3.2.2 Programs to be modified	1. Microfinance (tailored to the possibilities of the ultra poor, e.g. with a soft loan or grant component) and managed independently. Need to address issues of high interest rate charges and short returns 2. Public works modified to meet immediate and long term needs (consumption needs and income generation needs) for graduation. This includes transfers for consumption and provision of means to accumulate assets. 3. Adult literacy and functional education programs combined with cash transfers 4. Inputs for production combined with consumption transfers	1. Microfinance institutions (e.g. banks, non-state actors, NGOs) 2. Ministry of Local Government and Rural Development, Ministry of Transport and Public Works, District Assemblies, NGOs 3. Ministry of Women and Child Development, Ministry of Education and Vocational Training, District Assemblies, NGOs 4. Ministry of Agriculture and Food Security, District Assemblies, NGOs.	Resistance of microfinance institutions to change/ tailor schemes to needs of ultra poor, with labour. Questionable whether the programs are able and willing to target Group C. Questionable whether microfinance programs for Group C are cost-effective

3.2.3 Programs to be piloted	1. Cash for investment (unconditional) consisting of temporary consumption transfers combined with cash for capital. In other words, cash is provided until the assets are able to provide for their consumptive needs. 2. Skills training programs (IGA) for members of ultra poor households with labour 3. Public works schemes utilising Category C household members for community related services	1. District Assemblies, NGOs 2. Ministry of Women and Child Development, Ministry of Education and Vocational Training, District Assemblies, NGOs 3. Ministry of Women and Child Development, Ministry of Health, and District Assemblies,	Capacity to manage well-run, well-managed pilot projects on a regular basis?

Appendix 1: Implementation Plan for Policy Area 3.3

Overall policy goal: By 2015, the ultra-poverty rate of 22% in 2005 is reduced to 10% by lifting the ultra-poor households out of ultra poverty and preventing moderately poor households from falling into ultra poverty

Specific Sector Objective: Protecting moderately poor households with and without labour from falling into ultra poverty.

Strategies	Programmes in each strategy	Implementing agencies / organizations for each program	Risks associated with each program
3.3.1 **Programs to be scaled up**	• Savings and Loans Schemes	Ministry of Women and Child Development together with the guidance and support of the International and National NGOs	Inadequate number of Community Development Assistants (MoWCD)
3.3.2 **To modify existing programmes to more effectively meet the needs of categories A and B related to stability of livelihoods and their coping mechanisms**	1. Pension schemes will to be reviewed frequently to adjust payments to the cost of living 2. Public Works Programmes will be modified in order to provide longer term employment, higher wages, and will be diversified to produce other assets/services like environmental rehabilitation, home based care, irrigation, artificial dams, nutrition gardens, water and sanitation 3. Schemes like I-Life and other integrated livelihood programs will be modified to include an insurance against life-cycle risks	4. Ministry of Finance, Private Sector, NGOs 5. Ministry of Local Government 6. District Assemblies 7. Department of Poverty together with key development partners, international and local NGOs	Political commitment Resistance to change Sustainability and scale

3.3.3 **To pilot new programmes for testing methodologies and lesson learning purposes to manage the risk from falling into ultra poverty**	1. Insurances covering life-cycle risks (old age, funerals) 2. Formal community based health and disability insurance (Ghana model) 3. Unemployment insurance 4. Pension schemes in the non-state sector 5. Crop insurance for small farmers	Ministry of Finance, Ministry of Local Government, Ministry of Disability, Ministry of Labour and Vocational Training, Ministry of Health, Ministry of Agriculture, OPC, Private Sector	Political and non-state sector commitment

Appendix 2: Policy Impact Monitoring and Evaluation

OVERALL POLICY GOAL: By 2015, the ultra poverty rate of 22% as of 2005 is reduced to 10% by lifting ultra poor households out of ultra poverty and preventing moderately poor households from falling into ultra poverty.

OVERALL POLICY OBJECTIVES:

- By 2015, 80% of the households who are ultra poor and labour constrained in 2007 have been lifted over the ultra poverty line.
- By 2015, 33% of the ultra poor households with labour capacity have graduated out of ultra poverty.
- By 2015, the incidence of moderately poor households falling annually into ultra poverty has been reduced by 50%.

Objective	**Indicator**	**Source of Data**	**Current Situation** (Baseline Data)	**Desired Target**	**Key Milestones**	**Responsibility for Implementation**	**Time Frame**
3.1 By 2015, 200,000 ultra poor, labour constrained households have been lifted above the ultra poverty line.	Number of households that have been lifted over the ultra poverty line	Integrated Household Survey (approximately in 2010). Core Welfare Indicator Survey as well as the monthly and annual reports from (of the cash transfer schemes)	Approximately 250,000 households are ultra poor and labour constraint	200,000 households are lifted out of ultra poverty	By 2009, 10,000 HHs; By 2011, 50,000 HHs; By 2013, 100,000 HHs; By 2015, 200,000 HHs. (Based on Mchinji scale up planning process, assuming 20% targeting error)	National Statistics Office, District Assemblies	2015
3.2 By 2015, 100,000 of ultra poor households with labour capacity have graduated out of ultra poverty.	Number of households that have graduated	Integrated Household Survey (approximately in 2010). Core Welfare Indicator Survey as well as the monthly and annual reports from relevant programs	Approximately 300,000 households are ultra poor but have labour capacity	100,000 households are lifted out of ultra poverty	By end 2009, 5,000 HHs; By end 2011, 25,000 HHs; By end 2013, 50,200 HHs; By end2015, 100,000 HHs	National Statistics Office, District Assemblies, Program Implementers	2015
3.3 By 2015, the incidence of moderately poor households falling annually into ultra poverty has been reduced by 50%.	Incidence of households falling annually into ultra poverty	Integrated Household Survey (approximately in 2010). Core Welfare Indicator Survey as well as the monthly and annual reports from relevant programs	Further research is needed to calculate the current rate of households from Categories A + B falling annually into Categories C + D	Incidence of falling into ultra poverty reduced by 50% between 2007 and 2015	Assuming that in 2007 80,000 households are falling into ultra poverty this rate should have dropped to 40,000 by 2015	National Statistics Office, District Assemblies, Program Implementers	2015

Annex 12: Roadmap for the Social Protection Policy

The aim is to complete the Social Protection Policy by end of June and to present it to the Social Protection Steering Committee in June 2007.

Process from February till end of June 2007, five months:

Activities	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**Responsible Institutions/ Persons**
1) Consolidate and finalise the first draft with Social Protection Technical Working Group	**12**							TWG
2) Internal discussions within the ministries and departments, development partners and NGOs	Through out Feb							TWG
3) Conduct functional review of the DoPDMA to accommodate implementation of the Social Protection Policy	Through out Feb	Throu g-hout March						Commissioner DoPDMA
4) Draft policy sent to the SPTC	**20**							DoPDMA Harry M.
5) Civil society network contracted to solicit input and comments from civil society and ultra-poor, vulnerable community members	**23**							DoPDMA Harry and Maxton T.
6) Comments received and compiled shared with SPTC for their perusal		**2**						SPU Klema H.
7) SPTC meeting to comment and consider comments on the draft. SPU compiles notes and edits the document		**27**	**3**	**3/4 May Mponela**				SPTC SPU TWG
8) SP Policy sent to virtual panel for review and comments				**7**				SPU HM, DFID, WB
9) Preparatory meeting at the DoPDMA with the 3 teams regional workshops				**4 May**				SPU
10) Organisation of three regional workshops starts with budget, locations and invitation letters. Three teams from the SPTC to organise			**26 for the budget**	**4 for the organisation**				SPU and MoWCD TWG
11) Issue a press release and radio slots on the SP Policy design process and on the regional workshops				**7**				MoWCD
12)								SPU,

➢ Three regional 1 day workshops with key representation from Assemblies, Chiefs, FBOs, CBOs and NGOs and private sector, MPs ➢ TWG representatives meet DEC in 3 districts ➢ Teams go to two villages to hold village discussions with ultra and moderately poor households for their vision on meaningful programmes.				**21-25**				MoWCD, DAs Development partners
13) Three teams draft reports				**28-31**				Team leaders
14) SPU to compile all comments from virtual panel, from the three regional workshops and from the civil society forum					**30 June**			SPU
15) Prepare for the Social Protection Policy completion and Social Protection Programme design workshop						**July**		SPU, MoWCD Dev.part's
16) SP Programme Development Workshop **1)** SPTC reviews regional reports, virtual panel comments and isolates policy issues for incorporation in the Policy **2)** Organisations return to their org's for negotiations/discussion **3)** SPTC develops costed national Social Protection Programme (identified partners come with their preliminary plans for the various SP programmes)				**14-16 May** **17-25** **28 May -**	**2 June**			SPU, line ministries, dev. partners, civil society partners
17) Editing of the comments into the Policy Refining of the Social Protection Programme					**June**			SPU
18) Policy document to be presented to the PS/Commissioner of the Poverty Department						**9 July**		SPU
19) Policy document to be presented to the Social Protection Steering Committee Submission of the Policy to OPC						**12**		Commissioner DoPDMA
20) Social Protection Steering Committee meeting						**19**		SPU
21) Meeting with PSs of Line Ministries						**24**		Commissioner DoPDMA
22) Policy document to be presented to the Minister of DoPDMA						**25**		Commissioner DoPDMA
23) Meeting with Parliamentary Committees on							**1-3**	Commissione

Social Development and Finance (new)							**Salima**	r DoPDMA
24) Donor Roundtable to be chaired by the Minister of the Department of Poverty / 9-12,30 at the Cresta Hotel combined with lunch							**9**	Commissioner, DoPDMA/ SPU
25) OPC to send Social Protection policy to Cabinet for approval							**Mid August**	OPC

Annex 13: Powerpoint Presentation at WFP Cash Conference, 24 May 2007

Social Cash Transfer Schemes – a Mechanism for Social Protection

Bernd Schubert

Team Consult

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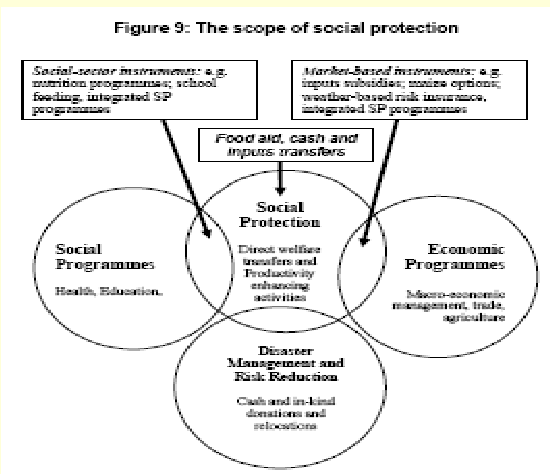
Definitions of Social Protection

- Social Protection constitutes programmes and actions that protect and promote the livelihoods and welfare of the poorest and most vulnerable people
- Social protection is a range of protective social actions carried out by the state and others in response to unacceptable levels of vulnerability and poverty, and which seek to guarantee relief from destitution for those sections of the population who for reasons beyond their control are not able to provide for themselves

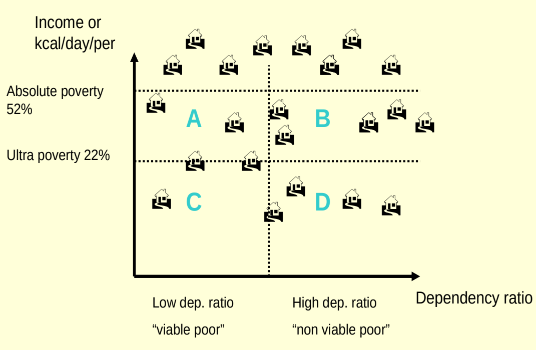


Some lessons learned

The process of designing a basic social protection policy and program for a low income country involves:

five though choices

1. Priority setting



2.Sub-sectoral or multisectoral

Sector ministries and UN agencies tend to focus social protection concepts on specific ‚vulnerable groups' excluding other groups:

- UNAIDS, GFATM, National Aids Commissions – AIDS affected households
- Helpage International – the elderly (Lesotho)
- Other agencies – disabled people, women, OVC

Include all ultra poor households in order to reach the worst off cases of all vulnerable categories (Zambia, Malawi)

3. Type of intervention

- Assess to what extend ongoing and planned programs meet the needs of each prioritized category of needy households (touchy!)
- e.g. category C households require short term transfers to meet their immediate basic consumption needs (food first!) combined with employment opportunities or income generating activities in order to graduate out of poverty through productive work
- Category D households require completely different programs because they cannot respond to labour based programs. They require medium or long term transfers in order to survive and in order to invest in their human capital (the health and education of their children)

4. Projectized or institutionalized

- Projects are fixed term interventions with an exit strategy, are restricted to certain geographical areas, rely on donor funding and are often implemented by NGOs, which often work in an uncoordinated patchwork fashion
- In order to provide a permanent and reliable service covering each area of a country like education and health services, social assistance for category D households may best be defined as a core government function
- This does not rule out that emergency aid in kind or cash – which by definition is a temporary intervention – can be implemented by NGOs

5. Implementing agency

Which government agency has the capacity or at least the potential to eventually reach each and every village and provide a reliable service to a large number of the poorest of the poor?

- Examples: Lesotho, Zambia, Malawi
- The fact that government capacities in low income countries are weak, tempts donors to finance pilot activities implemented by NGOs. This may not lead to social protection schemes that cover all parts of a country in a reliable and sustainable manner

Main Challenges

The task is to design, test and scale up Social Protection Schemes that are:

- Integrated in a comprehensive Social Protection Strategy
- Owned and implemented by the partner Government and supported by main partner organisations
- Effectively targeted
- Cost-effective
- Provide a reliable service in terms of timely delivery of the transfers and
- Link the target group households to other Social Services which cater for needs that require more than access to cash (like home-based care).

Some principles

- Address households, not individuals
- Organize programs as simple, as straight forward and as organisationally undemanding as possible – no frills!
- Designe and test in a systematic, transparent, participatory and well documented process
- Provide appropriate and long term capacity building assistance