



Implemented by:



Review of the Malawi National Social Support Programme

A Stakeholder-Driven Review of the Design and Implementation of the Malawi National Social Support Programme (2012-2016)

Ministry of Finance, Economic Planning and Development (MoFEPD)
Poverty Reduction and Social Protection Division

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1. Introduction to social protection in Malawi

In 2010, the Integrated Household Survey (IHS, 2010) reported that the poverty headcount has fallen marginally to 50.7% from 52.4% in 2005, whereas the ultra-poverty headcount has risen to 24.5% from 22.3%. The slow pace of poverty reduction was cause for great concern and underscored the urgency of expanding, intensifying and accelerating the fight against poverty.

During that time it became evident to the Government of Malawi that economic growth alone is not sufficient to reduce poverty, ultra-poverty, and vulnerability. Government, as well as non-government stakeholders, recognized that there is a need for intensifying efforts to ensure that the poor Malawians can benefit from economic growth, receive adequate protection against hunger and poverty, and are empowered to develop productive and dignified livelihoods.

Based on this recognition, Malawi has pursued an ambitious agenda of economic and social development, and has taken steps to implement and extend social protection as one key element of this agenda. Malawi's Growth and Development Strategy II 2011-16 (MGDS II) highlights the ambition to reduce poverty, extreme poverty and food insecurity through a multidimensional strategy focussing on economic development, productivity enhancement, as well as providing a social safety net for its poor and vulnerable residents. The MGDS II identifies six broad thematic areas (i) namely sustainable economic growth, (ii) social development, (iii) social support and disaster risk management, (iv) infrastructure development, (v) improved governance, and (vi) cross-cutting issues.

The National Social Support Policy (NSSP) outlines Malawi's strategy in the field of social protection and the Malawi, which is operationalized through the Malawi National Social Support Programme (MNSSP). The NSSP provides an overarching vision and framework, including strategic objectives, thematic areas of focus, institutional arrangements, an M&E framework, and a strategy to mobilise financial and other resources in a coordinated manner. NSSP policy priority areas are: (i) provision of welfare support, (ii) protection of assets, (iii) promotion through productivity enhancement, and (iv) linkages and mainstreaming.

2. What is the Malawi National Social Support Programme?

The Malawi National Social Support Programme (MNSSP) was designed to operationalize the NSSP over the period of 2012-2016, based on its vision of "enhanced quality of life for those suffering from poverty and hunger and improved resilience of those who are vulnerable to risks and shocks" (MNSSP, 2012).

The NSSP has four strategic objectives. These are:

- To provide welfare support to those that are unable to construct a viable livelihood;
- To protect the assets and improve the resilience of poor and vulnerable households;
- To increase the productive capacity and asset base of poor and vulnerable households to move them above the poverty line;
- To establish coherent and progressive social protection synergies by ensuring strong positive linkages to influence economic and social policies, and disaster management.

To achieve its stated four strategic objectives, five intervention areas have been prioritised under the MNSSP, which are: Social Cash Transfers, targeted support to School Meals, Public Works Programmes, Village Savings and Loans Programmes, and Micro-Finance Programmes.

Further, the MNSSP provides a comprehensive implementation framework for social protection in Malawi, including provisions on institutional coordination, roles and responsibilities, funding, advocacy, and communication.

3. A stakeholder-driven review of the Malawi National Social Support Programme

In June 2016 the MNSSP expired and the Government of Malawi launched a comprehensive stakeholder-driven review of the MNSSP to assess the performance of individual MNSSP programmes against key expected outcomes and strategic objectives. Further, the review evaluated whether the design and implementation of the 'MNSSP system' fulfilled the programme's vision of enhanced quality of life for those suffering from poverty and hunger and improved resilience of those who are vulnerable to risks and shocks.

Over a period of eight months the Ministry of Finance, Economic Planning and Development (MoFEPD) has engaged key stakeholders in critical discussions on the performance of the MNSSP in relation to its objectives, focussing on the relevance, impact, effectiveness, efficiency, institutional capacity, and sustainability of the MNSSP. In addition, stakeholders reflected on key strategic issues, such as institutional coordination and linkages of the MNSSP to agricultural interventions and the annual humanitarian response. Complementing national workshops and conferences, two round of district consultations have been undertaken to asses the performance of the MNSSP at the district and community level.

While mainly focused on the MNSSP, the review has been broadened to also include agriculture, resilience, and livelihood interventions, as well as the annual MVAC humanitarian response to food and nutrition insecurity. The relationship between 'regular" social protection and the above-mentioned sectors is a key strategic issue in Malawi and was therefore included in the review.

The review process, which is to inform the design of a successor policy to the MNSSP, has been designed to include two distinct but integrated perspectives. The main objective of the review was to evaluate the performance of MNSSP programmes and the MNSSP system against relevant strategic outcomes. However, in advanced stages of the review stakeholders were encouraged to take a more prospective view and to discuss the implications of system level findings for the future of social protection in Malawi.

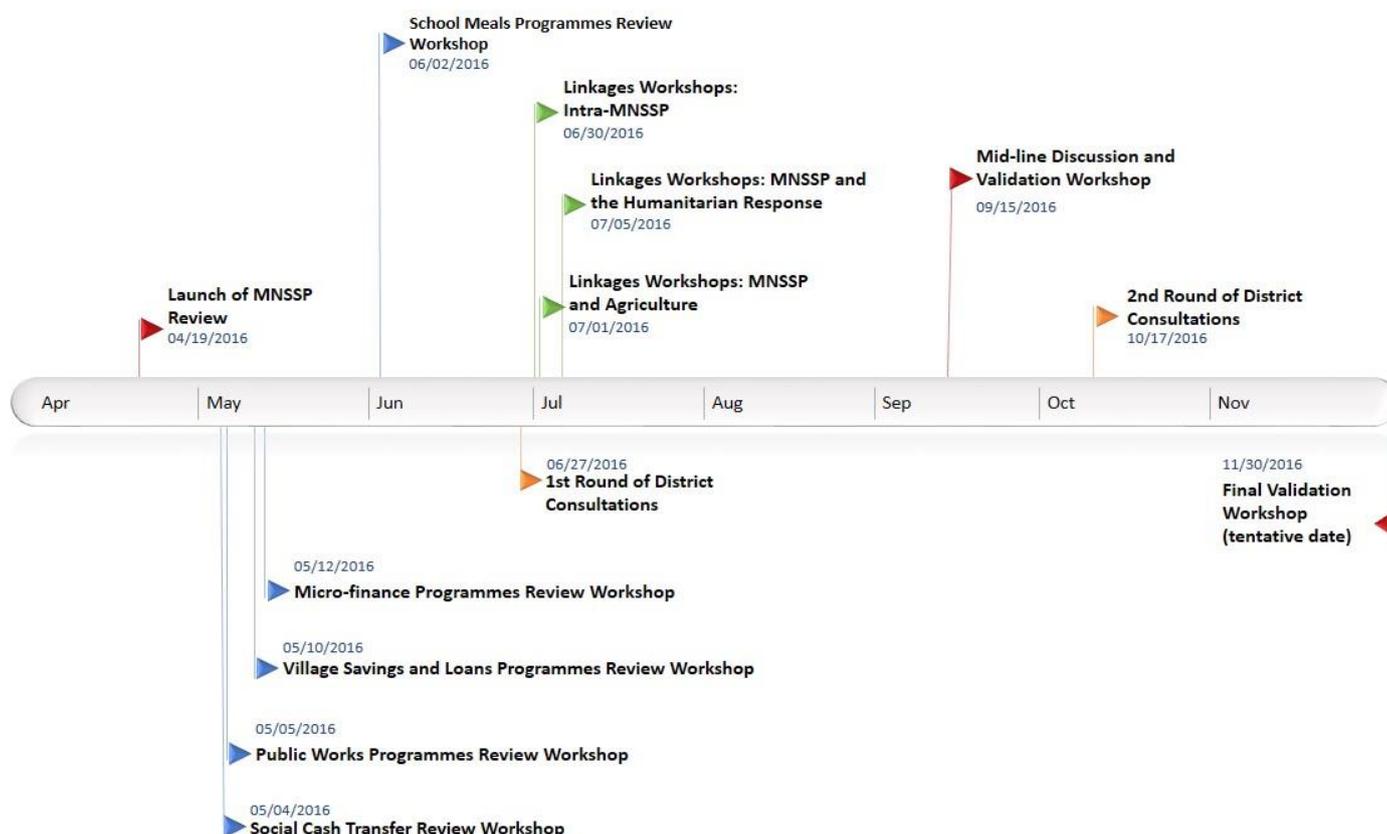


Figure 1. MNSSP review timeline



Launch Workshop



MF Workshop



PWP Workshop



SMP Workshop



SCT Workshop



VSL Workshop



Intra-MNSSP linkages



MNSSP and Agriculture



MNSSP and the MVAC



Mid-line Validation Conference



Final Validation Conference

Figure 2. National level review workshops

PART A – Review of the MNSSP system

4. Review of the MNSSP system

As stated in the introduction, the most important objective of the review is to assess the relevance, impact, effectiveness, efficiency, instructional capacity, and sustainability of individual MNSSP programmes. Detailed programme level analyses can be found in Part B of this report.

However, the MNSSP is more than a set of programmes. The MNSSP is a programmatic framework designed to ensure the development of a coherent social protection system that goes beyond the ad-hoc implementation of individual initiatives, through effective coordination and harmonization of programmes, and the implementation of programme and sector linkages.

Recognizing the importance to understand the MNSSP as the backbone of the social protection system in Malawi, Part A of the report evaluates the MNSSP from an integrated perspective. How has the MNSSP performed 'as a system' against its stated goal to reduce poverty and enable the poor to escape from poverty and vulnerability. What has been the degree of coordination and coherence in the design and implementation of the five programmes of the MNSSP?

The review also considered the relation between the MNSSP and two key components of the broader social protection landscape in Malawi: the MVAC emergency response and the resilience/livelihood support interventions. While these are not directly part of the MNSSP, the review analysed policy and programmatic overlaps and synergies.

The following sections summarize key system level observations made during the review, organized through the following analytical lenses:



Figure 3. Analytical lenses of the MNSSP review

A framework to analyze coordination within the MNSSP

One of the most frequently made observations on Malawi's social protection sector, as well as the MNSSP system, is the relative isolation in which programmes are implemented, with little development of linkages and synergies. A key objective of the MNSSP is to create a coherent and well-integrated social protection system that goes beyond the implementation of individual programmes.

Discussions of linkages and coordination is based on the following typology of coordination, which distinguishes between administration level coordination, programme level coordination, and policy level coordination.

- **Administration level coordination and linkages** refers to the facilitation of different administrative functions across programmes, such as targeting and information management systems. An example of administration level coordination and linkages in Malawi is the harmonized targeting of PWP and SCT beneficiaries under the UBR.
- **Programme level coordination and linkages** allow for the integration and harmonization of social protection programmes. A Malawian example would be the facilitation of VSL formation amongst SCT beneficiaries and the emerging link between resilience, agriculture, and livelihood support provided through the MNSSP and the MVAC humanitarian response.
- **Policy level coordination and linkages** speak to the integration of social protection policies across sectors and programmes. The link between VSL and MF could be considered a policy level linkage.

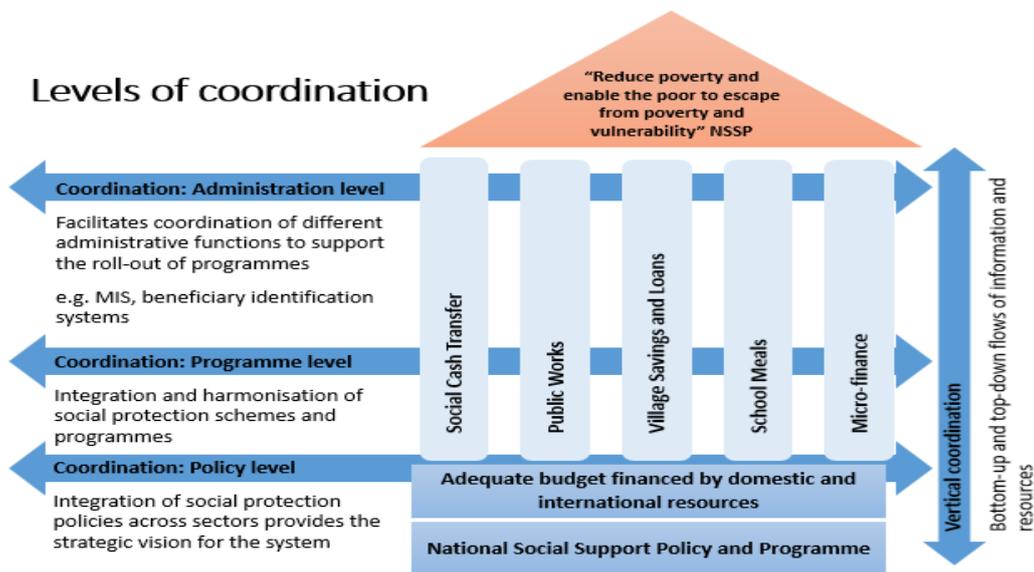


Figure 4. Levels of coordination

4.1. MNSSP design

Programmes' relevance and consistency

The MNSSP focuses mainly on economic development aspects of social protection with limited emphasis on social and human development. MNSSP programmes mainly, while not exclusively, work towards economic development outcomes, such as income protection and the development of sustainable livelihoods. While this focus is understandable given Malawi's widespread and deep poverty and represents a core function of social protection systems, it should be noted that social protection has the potential to make substantive contributions towards social and human development objectives, such as education, health, social inclusion, reduction in vulnerabilities, and increases in wellbeing.

Integration of programme design and objectives is an ongoing process within the MNSSP. While individual programmes objectives are relatively well defined - though with varying degrees across the five interventions - there is little clarity as to how the different programme objectives complement and articulate with each other. The various interventions included in the MNSSP are conceived (hence implemented) in relative isolation.

Design and implementation of the MNSSP seems to be driven by existing programmes rather than policy. Stakeholders noted that MNSSP programmes' objectives do not coherently speak towards clear policy objectives and are implemented largely in isolation from another. It was suggested that the design of the MNSSP was influenced significantly by existing programmes, rather than overall social protection policy determining the prioritization and implementation of programmes.

Few concrete policy level linkages are found in the MNSSP, despite the NSSP and the MNSSP stressing the importance of cross-programme coordination and linkages, and the existence of numerous contacts and overlapping objectives between programmes. Stakeholders noted that inadequate conceptualization of intra-MNSSP linkages in the MNSSP document, as well as limited efforts and resources dedicated to the operationalization of potential linkages have resulted in few deliberate policy level linkages within the MNSSP system.

For instance, the relationship between the SCT and SMP has not been conceptualized. Both programmes aim to increase school enrolment and retention, as well as to improve child nutrition, but have been designed and implemented in isolation with no explicit thinking around potential synergies. Another example of a policy level relationship that has not been adequately conceptualized and operationalized is the relationship between the SCT and PWP.

The strong resistance by community leaders towards "double dipping" limits the opportunities for complementarities and multi-dimensionality in the social protection response. Different programmes seem to be directed to different "clienteles". As a consequence there is little articulation between programmes that have a strong focus on providing income security (SCT, PW, SMP) and those that are expected to enhance productivity or economic autonomy (VSL and MF).

The MNSSP supports a diverse set of policy objectives in addition to poverty reduction but programmes are often understood in that sense only. All MNSSP programmes are considered to focus on poverty reduction even though they may address different social protection functions, such as protection of the most poor and vulnerable (SCT) and the promotion of livelihoods (VSL and MF).

Some programmes' implementation suffer from unclear theories of change. For instance, the SMP assumes certain impacts on multiple objectives without unclear prioritization and lacking a coherent theory of change. SMP are assessed against outcomes that seem outside of the programmes' capacity to impact, such as improved educational performance and nutritional status. Similarly, it is somewhat unclear how exactly the SCT is to improve nutrition of household members.

Coverage and coherence of the MNSSP

The coverage provided through the MNSSP for Malawi's poor and vulnerable is limited. Given the high levels of poverty and vulnerability in Malawi and the limited resources available for social protection it is not surprising that many stakeholders find the current coverage of social protection provided through the MNSSP as inadequate in relation to need. Programmes are not implemented universally and often only reach a fraction of their target groups. Those excluded from the MNSSP's main transfer programmes, often receive only limited and inconsistent support through other initiatives, with generally low transfer levels.

PWP provide support to only a limited number of poor households with labour capacity, SMP are implemented in selected districts only, and the SCT's district level eligibility threshold excludes a significant proportion of ultra-poor and labour constrained households due to the adoption of the 10% threshold.

The current system has a very limited focus on infants and children outside the SCT and SMP. Beyond these two programmes, the MNSSP has no instrument that directly addresses the needs of infants and children, which results in an inadequate focus on nutrition and human capital investment aspects of social protection. This prevents the social protection system to contribute more significantly to the long term human and economic development of Malawi. This raises the question whether social protection in Malawi should contribute more towards early childhood development?

MNSSP does not explicitly take into account the social protection needs of the elderly and the disabled outside of the SCT. A large number of elderly and people with disability living in poverty are excluded from the relatively restrictive targeting criteria of the SCT and should not be the immediate target of PWP programs. Going forward, could social protection be directly targeted towards the elderly and disabled?

Targeting design challenges

MNSSP beneficiary selection processes are mainly based on the combination of poverty status and labour capacity, which creates challenges around targeting accuracy, community understanding of eligibility criteria, and overall sector coherence.

Implementers and district level stakeholders in particular suggested that poverty targeting approaches are difficult to implement in Malawi due to the country's widespread and dynamic poverty, which increases the risk of arbitrary exclusion of potentially eligible beneficiaries and inclusion errors. Frequently stakeholders referred to the limited understanding of communities of the eligibility criteria of MNSSP programmes, especially the SCT. It was suggested that rural communities often feel that everyone is equally poor and therefore have limited understanding for poverty rankings that facilitate beneficiary selection processes.

Another key criteria in the MNSSP's beneficiary selection process is the concept of households with labour capacity and those that have no or very limited labour capacity. This concept strongly shapes the MNSSP and has led to a system, which targets different interventions to households depending on their labour capacity. However, during the review this distinction was questioned by some, as, for instance, labour constrained households have been found to have productive potential when supported through the SCT, while poor households with labour capacity, may need basic income protection in certain circumstances – include in the form of direct transfers - to allow for more sustainable impacts on livelihoods. In other words, as labour constrained households can have productive potential and households with labour may require some form of social assistance, the use of labour capacity as the MNSSP's key targeting criteria may need to be revised.

The Unified Beneficiary Registry (UBR), which is to be rolled-out in 2017, is expected to address some of these challenges and strengthen coherence between the SCT and PWP.

Transfer adequacy

Stakeholders observed a lack of predictability and consistency in the calculation of transfer levels. Both for the SCT and PWP levels set based on resources available rather than a consistent formula reflecting programme objectives in relation to beneficiaries' needs. Further, adjustments are done infrequently, on an ad-hoc basis, and take long to implement.

Stakeholders recognized that the “self-targeting” approach of PWP poses a unique challenge to provide meaningful levels of social protection. The challenge emerges from the difficulty to avoid trade-off between the need for a meaningful transfer to achieve impact, and the requirement to keep transfers low enough not to attract ‘non-poor’ beneficiaries and increased inclusion errors. Together with limited working days, low transfer levels were suggested to explain the absence of observable impacts of PWP in recent years.

Especially in an environment such as rural Malawi, where there is significant slack in the labour market, increased transfer levels may reduce the targeting efficiency of PWP. It was suggested that this conundrum could be overcome by strengthened beneficiary selection processes that go beyond self-targeting and incorporate other elements, such as community targeting. Such reforms would allow implementers to raise transfer levels without expected increases in inclusion errors. The harmonized targeting mechanism employed under the UBR uses a combination of community-based targeting and proxy means testing.

Unclear or unrealistic graduation expectations

Graduation expectations are not conceptualized and not reflected in programme design. Controversial expectation of SCT households to “graduate” out of poverty are not based on a thorough understanding of challenges and opportunities with respect to SCT beneficiaries' livelihoods. Implementers clarified that, currently, SCT programme design does not include the expectation for beneficiaries to graduate within a specific timeframe and that the programmes' focus at the moment lies on protecting the most vulnerable from ultra-poverty.

Some suggest a link between the SCT and PWP, reflecting a vision that SCT beneficiaries will somehow graduate into PWP. However, given the labour constrained nature of SCT households it is difficult to understand the outlines of how such “graduation” approach. Significant programme design changes would be required if the expectation to “graduate” SCT beneficiaries out of poverty within a specific timeframe were to become Government policy. Currently, the capacity of SCT households is assessed on a case-by-case basis.

Similarly, the relationship between VSL and MF interventions has not been developed and it is unclear whether they are complementary programmes based on a progression from VSL to MF or whether they are to target different populations. Some stakeholders suggested that VSL groups, as they grow and mature over time, are expected to be linked to more formal financial services provided by Micro-finance Institutions (MFI). However, in reality this link is not operationalized.

4.2. MNSSP implementation

High level ownership and coordination

The MNSSP is characterized by fragmentation at national level. The MNSSP's institutional coordination and implementation structure consists of a number of line ministries, which are tasked with implementing programmes, and the MoFEPD, which holds the overall mandate to coordinate the MNSSP and develop social protection policies. However, it has been observed that the MoFEPD has limited capacity to keep all stakeholders accountable and enforce cross-ministerial coordination. Inadequate monitoring and evaluation systems at the apex of the MNSSP is a key challenge towards the Ministry's mandate.

The MNSSP consists of largely donor-funded programmes implemented with generally low but varying degrees of utilization of Government systems. Programmes exist on a spectrum from limited tangible

Government involvement (VSL, MF, SMP), to significant use of Government systems (SCT, PWP). The limited utilization of Government systems raises concerns over programme ownership and sustainability.

Donors contribute to the MNSSP's fragmentation. It was noted that donors play an important role in maintaining the fragmented status-quo by narrowly focusing on specific interventions rather than taking a more holistic approach towards social protection in Malawi.

Institutional coordination capacity

The MNSSP's implementation was seen as fragmented and based on ineffective coordination structures. Stakeholders noted the fragmented and ineffective programme oversight and implementation structures, especially at district level, where overlapping memberships of a set of uncoordinated committees was seen as a key cause of inefficiency and ineffectiveness.

The MNSSP's relatively ineffective coordination structures were regarded to be at the heart of most challenges with respect to programme linkages. Poor coordination structures between programmes, especially at the district level, makes cross-programme work very difficult. For instance, MF and VSL are very closely related but there is no coordination mechanisms between the two sectors at district or national level.

Ineffective coordination structures complicate information sharing between sectors and programmes, which seems to be particularly problematic at the district level, with national level coordinating forums meeting regularly and are considered to be increasingly functional.

The lack of standardization of programme implementation and harmonized guidelines was frequently considered to contribute to fragmentation. Non-harmonized implementation poses significant challenges towards the MNSSP's effectiveness, in particular the utilization of programme linkages. For instance, MFI tend to create their own VSL group rather than taking on groups created by other implementers as they are uncertain of the quality of a given VSL group.

Institutional implementation capacity

Inadequate resources, infrastructure, and staffing levels, especially at district level, were reported across most programmes. Shortages seem to prevail for all categories of staff especially at district and community levels.

Heavy reliance on community volunteers in many programmes raises concerns about the reliability, sustainability, and effectiveness. Programmes such as SMP and the SCT rely heavily on community volunteers and while some stakeholders supported these arrangements for their low cost and ability to involve communities in the provision of social protection, others have questioned their reliability, sustainability, and effectiveness. Especially SMP often ask volunteers to contribute a significant amount of time and labour, which has, in some cases, led to unreliability of services provided through volunteers.

Transfers are increasingly paid on time but challenges remain. SCT transfers overwhelmingly paid on-time once targeting has been finalized. The District of Thyolo, where the SCT is implemented by the Government, remains an exception to this rule. PWP implementers report frequent delays in payment of transfers, mainly due to delayed funding towards the District Councils that implement the programme.

Programmes are frequently implemented with inadequate information management systems (MIS) and M&E frameworks. This hinders policy makers and implementers from Government, donors, and development partners from adequately assessing programmes' performances and track beneficiaries. Further, the lack of sophisticated information management systems of many programmes means that Government relies on reports from implementers rather than being able to directly monitor programme implementation, making it difficult for Government to properly fulfil its oversight mandate.

Further, the prevalence of underdeveloped and ineffective information management systems amongst MNSSP programmes, as well as the lack of a national ID system, implies that implementers have no means of identifying whether a certain beneficiary is enrolled in other programmes. The lack of information management systems also complicates institutionalized linkages and referral systems. As a result, the realization of programme level linkages often depend on individual implementation officers.

Linkages and integration of MNSSP programmes

Linkages between MNSSP programmes are mainly found at the programme level, meaning between two or more programmes, neither guided by a specific policy nor facilitated through shared administrative systems. While programme level linkages are already limited, very few linkages exist at the policy or administration levels. Existing linkages within the MNSSP are mainly implemented on a pilot basis and there are few national initiatives. Further, the design and implementation of programme level linkages depends primarily on the initiative of implementing agencies and the respective officers in charge of implementation.

Piloting integration within the MNSSP

Despite the lack of concrete national policies and robust administrative systems to link programmes, an increasing number of programme level linkages are being implemented. These pilots vary in strength. Some are initiated by implementers on their own, others are integrated into national policy making processes, are based on sound administrative systems, and are expected to be scaled-up if found successful.

The following are prominent examples of piloted intra-MNSSP linkages: PWP support Home Grown School Feeding programmes with construction and farming activities. In some cases VSL and MF are linked through the “onboarding” of VSL groups into MF. Onboarding means that the performance of VSL groups is monitored and if found adequate MF provide of group loans to the VSL groups. Another pilot facilitates the formation of VSL groups amongst cash transfer beneficiaries, either PWP or SCT.

The pilot linking SCT beneficiaries to VSL groups is emblematic of currently existing programme linkages within the MNSSP as it does not rely on an institutionalized referral system but instead uses SCT pay-out days to inform SCT beneficiaries about VSL programmes.

Administrative linkages are mainly limited to piloting of the UBR and the harmonized targeting of beneficiaries for the SCT and PWP. Stakeholders noted that the harmonized targeting and the resulting database containing 50 percent of Malawi’s poorest households could in the future be used to facilitate programme level linkages

Community members are often not willing to allow social protection beneficiaries to take advantage of multiple interventions, as benefiting from more than one programme is commonly seen as “double dipping” and contradicts communities’ sense of equity. As a result, wherever possible, programmes are spread widely within communities, increasing their coverage but reducing their potential for impact. This bias against double-dipping means people can only join one programme, effective or not. This limits graduation opportunities that could derive from receiving complementary interventions. Stakeholders stressed the need to develop an effective response to communities’ sense of equity, potentially by creating a narrative around programmes having various components rather than being separate entities.

4.3. MNSSP financing

Government financial contribution is very low and stagnant across all MNSSP programmes. This raises concerns over Government willingness to support social protection programmes, whether Government sees social protection as a worthwhile investment, the sustainability of interventions, as well as Government leadership and ownership. Donor contributions considerably outweigh Government’s in all programmes.

Funding arrangements of the MNSSP are fragmented and inefficient. Concerns over fiduciary risks have led to the limited utilization of Government financial systems by donors contributing to the MNSSP, which has created a fragmented and inefficient funding systems. No programme under the MNSSP has a harmonised approach to financing and there is lack of coordinated planning documents, such as harmonized budgets and work plans. Essentially each donor has different financing modalities, funding time-frames, and reporting requirement. Developing the right environment to allow the harmonization and pooling of funds is a key suggestion going forward.

Within the SCTP, which was often cited as the most coordinated of the five MNSSP programmes, there are four distinct financing models between the five sources of funding. Timelines for funding often are not aligned and the burden of management and reporting for the differing models falls to the District level. Some progress has been made in aligning financial procedures and requirements, specifically the management of EU funds for the SCT by KfW, and the joint financial audits of the SCT between Irish Aid and the EU.

Common delays in the disbursement of funds managed or provided by Government affect programme efficiency. In particular PWP suffer from delays in funding allocated to District Councils.

Stakeholders expressed concerns about frequent reports of mismanagement of programme funds. The SCT has received consecutive adverse audits and reports of financial mismanagement of PWP funds at District Councils appear with some regularity in the local press.

Evidence indicates considerable variations in the cost-effectiveness of MNSSP programs. VSL and MF are low-cost interventions with significant impacts, PWP and SMP are relatively expensive programmes with high administrative costs and limited demonstrated impacts. SCT has relatively low non-transfer costs and considerable household impacts. Given the limited financial resources and the significant need, the extension of social protection coverage will need to give considerable attention to cost-effectiveness.

Stakeholders' reflections on key review outcomes

After hearing summaries of key review outcomes, stakeholders present at the MNSSP Review Final Validation Workshop, which took place on the 30th of November, 2016, in Lilongwe, were asked to **discuss revelations and their implications of the review**. Outcomes of these group discussions are summarized below:

Revelations: Need to **redefine policy objectives** of the MNSSP to improve clarity and ensure that the system can address fluctuating and emerging needs of the poor and vulnerable.

Implications: Develop a system that can reduce poverty and vulnerability and increase Malawi's preparedness and capacity to respond to shocks.

Revelations: The MNSSP **focuses mainly on economic and little on social development**, and graduation has not been conceptualized.

Implications: There is a need to develop a system, based on existing capacities and structures that can address poverty and vulnerabilities and support responsible graduation.

Revelations: **Linkages are missing within and beyond the MNSSP**, the MNSSP's focus is on instruments rather than overall objectives, and programme objectives not clear and not focused.

Implications: Develop a systemic approach to social protection in Malawi with relevant instruments working towards clear policy objectives.

Revelations: **Ineffective M&E systems and coordination frameworks** are key challenges, overall funding is insufficient in relation to need, and small transfers are not transformative.

Implications: Lacking robust M&E systems raises the risk of not learning from implementation. Poverty and vulnerability persist due to relatively low and uncoordinated investment in social protection.

Revelations: MNSSP's implementation has been **disjointed and fragmented**.

Implications: This has led to missed opportunities and inefficiencies, such as fragmented financial systems, lack of holistic support for beneficiaries, and limited linkages and referrals systems.

Revelations: MNSSP suffers from **inadequate human and financial capacity** to implement programmes.

Implications: This has led to implementation gaps in the form of delays in transfers and overburdened staff.

5. Opportunities and recommendations to strengthen coordination within the MNSSP

A key investigative angle of the review was to assess the degree of coordination, integration, and linkages between MNSSP programmes. The review has yielded a consistent picture of programmes working in relative isolation, with often ineffective coordination structures and limited systematically implemented linkages between programmes.

Despite the apparent limited operationalization of policy linkages between MNSSP programmes, the MNSSP has the potential to provide for a more harmonized implementation of social protection in Malawi, as a number of objectives are shared by MNSSP programmes. Going forward it will be key to thoroughly assess social protection programmes' objectives, their contribution to overall policy goals, and the potential to increase programmes' effectiveness through the exploitation of linkages and synergies.

The following **recommendations** were made to strengthen coordination and programme level integration where possible:

- 1) **Develop common implementation guidelines.** A key step towards enabling the creation of systematic linkages and to strengthen coordination would be to ensure greater convergence in programme

implementation, primarily through the development of common programme design and implementation standards and guidelines. These harmonized implementation guidelines could have sections on appropriate programme linkages and references to administrative systems that can facilitate these.

- 2) **Strengthen institutional coordination mechanism, especially at district level.** Ineffective institutional coordination structures were seen as one of the most significant impediments towards the development of a more coherent system. In addition, district level stakeholders also stressed that better coordinated and integrated programme implementation could drive a more efficient use of district officers' time and energy. Currently each MNSSP programme calls on district offices to participate in a variety of meetings, often consisting of the same stakeholders. Stakeholders suggested the introduction of a single social protection committee at District level.
- 3) **Strengthen donor coordination and the harmonization of financial and technical support provided by donors.** Stakeholders agreed that it is important to recognize the role of donors in supporting the status quo of MNSSP fragmentation, which comes as a result of funding being earmarked for only one pillar or programme. Instead, a system needs to be developed that would facilitate donors taking a more holistic approach to social protection in Malawi. Suggestions on how to achieve this range from improved joint financial planning to increased investment in systems strengthening and the development of a social support fund.
- 4) **Integrate programmes to increase cost-effectiveness and coverage.** It has been observed that insufficient coverage is mainly a function of limited financing in a context of widespread poverty. There is an obvious fiscal limit to the extent MNSSP programs can grow, as Malawi already allocates a large fraction of GDP to social protection (though largely externally funded). Yet a tighter integration of programs, increased focus on programs that deliver highest level of protection/impacts and are more cost-efficient in delivery, and an explicit effort to achieve economies of scale is going to gradually support coverage increase.
- 5) **Ensure that community members better understand beneficiary selection criteria.** Related to the above point, it was noted that targeting criteria of the SCT and the PWP are not well understood. Community members often do not understand why one person is selected for the SCT and another for the PWP. It was suggested that the apparent lack of understanding of eligibility criteria by communities could warrant a discussion on how programme targeting could be made more transparent and easier to be understood for communities. A move to more straight-forward and observable eligibility criteria (age, disability, etc.), which may be more in line with communities' perceptions of vulnerability, may be advisable.
- 6) **Address communities' aversion to "double dipping".** Stakeholders discussed whether communities' aversion to "double dipping" a driver or more or less integration. Based on an aversion to "double dipping", linkages could be actively undermined by communities. A possible response, as suggested by district level stakeholders, could be a changed narrative that suggests that various programmes are not standalone programmes but pillars within a comprehensive programme. If community members could see various interventions as part of a linked and sequenced programme there may be less resistance to double dipping. There is also need for substantive involvement of communities in programme design, including the definition of targeting criteria, which could be a way to let communities decided on their own ways to achieve "equity" at the village level.

6. Linkages between the MNSSP and agriculture, resilience, and livelihood interventions

6.1. Existing linkages between the MNSSP and agriculture, resilience, and livelihood interventions

It has been noted throughout the review that agriculture, livelihoods and resilience initiatives are not well aligned to the MNSSP system. Stakeholders found very few linkages between MNSSP programmes and agricultural, resilience, and livelihood interventions, despite evident policy level overlaps.

It emerged from the discussions that a large number of agricultural, resilience, and livelihoods programmes are implemented in most communities. In most cases these interventions target populations, such as the ultra-poor and poor, the vulnerable, and MVAC beneficiaries, that are also the MNSSP's constituency. Consequently, there is a high chance that beneficiaries of MNSSP programmes also participate in other interventions. For instance SCT beneficiaries could participate in long-term resilience building activities, such as the Enhancing Communities' Resilience Programme (ECRP).

The Farm Input Subsidy Programme (FISP), which provides subsidized fertilizer and seeds to poor and vulnerable smallholder farmers, was considered to hold the largest potential in terms of being linked to 'regular' social protection programmes. In the past, cash transfer programmes, in particular the SCT and PWP, have been linked to the FISP with the aim of increasing agricultural productivity of poor smallholder farmers. Strengthening this link has the potential to provide livelihood support to cash transfer beneficiaries.

There are clear policy overlaps between the MNSSP, especially the SCT and PWP, and agriculture, resilience, and livelihood programmes, which all aim to increase the resilience and (agricultural) productivity of poor and vulnerable households. However, these policy overlaps are mainly accidental and programme implementation is done in isolation.

6.2. Challenges of implementing linkages between the MNSSP and agriculture, resilience, and livelihood interventions

A key challenge towards increased exploitation of linkages is the lack of coordination at all levels. Especially at district level there is limited coordination between implementers and ineffective institutional coordination structures. Lack of effective institutional coordination structures has prevented both sectors from developing common approaches and an understanding of potential synergies.

Another important challenge towards linking agriculture, resilience, and livelihood interventions to the MNSSP is the frequently observed resistance of communities towards "double dipping". The preference for spreading benefits evenly within a community is a serious impediment towards linking both sectors.

There is currently considerable uncertainty amongst stakeholders about the future design and existence of the FISP, complicating any discussion on future linkages between the MNSSP and FISP. Since 2014, the FISP has undergone a number of crucial reforms. In 2016/17, FISP is expected to reach 900,000 farming households, which is a significant reduction from the 1.5 million in previous years. The reduction of beneficiaries and the new targeting criteria ("viable farmers") implies that a large number of current FISP beneficiaries will be excluded from the programme in the future. In the past, the FISP targeting process encouraged the inclusion of the poor and vulnerable farming households, including SCT beneficiaries. However, the ongoing FISP reforms will lead to a sharp decline in poor and vulnerable households, including SCT beneficiaries, receiving the FISP.

The ongoing re-focussing of the FISP towards "viable farmers" significantly complicates any discussion around linking the MNSSP to the FISP, as MNSSP beneficiaries are now considerably less likely to be enrolled into the FISP. In the absence of a policy change, linking MNSSP beneficiaries to the reformed FISP may not be feasible.

Regardless, it is interesting to note that in the past a number of challenges were observed with respect to SCT and PWP beneficiaries receiving FISP coupons. Each year, some SCT and PWP beneficiaries are found to sell their FISP coupons as, they do not have enough money to redeem the vouchers and sometimes lack the land and labour to effectively make use of the fertilizer. Since the 2016/17 increase in the farmers' contributions, the SCT or PWP transfer levels will no longer be adequate to buy subsidized fertilizer under FISP. Therefore, even if the FISP will continue to target poor and vulnerable households in the future, the significantly reduction of the FISP subsidy value (i.e. increase in farmers' contributions) will present an increasingly difficult challenge for poor FISP beneficiaries.

6.3. Opportunities and recommendations to strengthen linkages between the MNSSP and agriculture, resilience, and livelihood interventions

Based on the recognition of closely related policy objectives of social protection and agriculture, resilience, and livelihood interventions, stakeholders suggested a number of concrete ways the two sector could be brought more closely together:

In discussions around existing and potential linkages between social protection and agriculture, resilience, and livelihood interventions, the FISP was seen as a key programme that provides (agricultural) productivity support to poor and vulnerable farmers. The recent FISP reforms have created a significant amount of uncertainty amongst stakeholders as to the future direction of the programme. While there is limited policy guidance, most stakeholders seem to believe that the FISP will in the future focus on so-called “viable farmers”, i.e. those with limited land and labour constraints.

The fact that beneficiaries of MNSSP programme will possibly find it increasingly hard to access FISP calls for a renewed focus on the linkages between social protection and other livelihood and resilience initiatives. There are potential negative distributional effects associated with FISP being redirected towards viable farmers and away from poor farmers. These need to be offset with alternative measures that can support poor farmers to fully enjoy their productive potential. Livelihood support should be seen as a complement, rather than a substitute to income and consumption support programmes (such as SCT and PW), as both national and international evidence show that the combination of income support and empowerment/livelihoods interventions produces positive and more sustainable results.

This thinking has influenced many of the **recommendations** below, which generally stress the important of complementary support interventions that strengthen agricultural productivity, increase resilience, and develop livelihoods of social protection beneficiaries.

- 1) Map and categorize social protection, agriculture, resilience, and livelihoods interventions.** Stakeholders suggested that, as a first step towards an alignment between the two sectors, that there is a need to systematically map social protection agriculture, resilience, and livelihoods interventions and detail objectives, approach, targeting criteria, coverage, and (potential) relationships and overlaps with other interventions. Such a mapping would allow implementers to avoid duplication, ensure the exploitation of synergies, and move away from a patchwork system to a more systematic implementation of social protection, agriculture, resilience, and livelihoods interventions.
- 2) Strengthen information sharing and coordination mechanisms between social protection, agriculture, resilience, and livelihoods interventions.** There is a need to develop an effective structure for relevant stakeholders from both sectors to engage and coordinate their initiatives. Currently, no such cross-sector fora exist at the national or district level.
- 3) Improve coordination at the donor level.** There is no coherent message coming from the DP and donor community and agriculture and social protection actors to work together. There should be a task force between social protection and agriculture specialists.
- 4) Strengthen climate and agriculture sensitive implementation of PWP.** Stakeholders saw PWP as a good opportunity to link social protection with agriculture and resilience activities. PWP be designed to support the development of (agricultural) livelihoods and support the creating of communal or private resilience building assets, such as irrigation systems, fish ponds. Land and water restoration as part of the new catchment approach of the LDF PWP was also considered to contribute to increased resilience and sustainable (agricultural) livelihoods.
- 5) Assess and further develop Home Grown School Feeding pilots.** Stakeholders liked the idea of linking SMP to the development of agricultural markets, though, for instance, enabling schools to buy food from local agricultural cooperatives. A number of pilots on HGSF are currently being implemented and should be

evaluated, as they hold significant potential in the cost-effective provision of school meals and the development of reliable agricultural markets for cooperatives and smallholder farmers.

- 6) **Target a proportion of the FISP (or a similar programme) to SCT (and PWP?) beneficiaries.** It was argued that the discussion whether the FISP is an economic productivity programme or a social support programme suggests a false dichotomy. In fact, Malawi's poor are very economically active but can be even more productive if adequately supported. This implies that the FISP can both provide an agricultural safety net and contribute to increased productivity and agricultural output. Stakeholders referred to research that suggests that the provision of FISP coupons to SCT beneficiaries has positive impacts on productivity. SCT beneficiaries can use the programme's transfers to buy fertilizer subsidized through the FISP and thus increase their productive potential. Targeting of the FISP to SCT (and PWP?) beneficiaries would require the adjustment of SCT transfer levels in line with the FISP's farmers' contribution and align SCT pay-outs with the FISP's coupon allocation. The suggestion was in line with the prioritization of MASAF III PWP beneficiaries into the FISP.
- 7) **Strengthen and systematically implement complementary programmes that increase the productive capacity and resilience to shocks of social protection beneficiaries.** Stakeholders also discussed how complementary agriculture, resilience, and livelihood programmes can support MNSSP beneficiaries' to increase their productive capacity and resilience to shocks. It was suggested that the focus should be on relevant agricultural extension services and the provision of training on improved agricultural methods and livestock programmes.
- 8) **Develop alternative productive and protective support for vulnerable farmers that used to receive the FISP.** Given that the FISP is considered to have shed its social support component, the question emerged what alternative productive and protective support will be provided to poor farmers that used to receive it. Stakeholders suggested that there may be room to use redirect a portion of the funding going to the FISP for the strengthening of other social protection programmes. Specifically, a portion of former FISP funding could be dedicated towards a) increasing coverage of the SCT to provide a compensation to the poor farmers that used to receive the FISP; b) deliver alternative livelihoods/resilience intervention to enhance productivity of SCT (and PWP) beneficiaries.
- 9) **Address community leaders' aversion to "double dipping".** As frequently observed, a key constraint towards the integration of any support programmes is the pressure coming from communities to achieve equity in programme enrolment. For instance, communities, recognizing the widespread need, will avoid registering households for the FISP if they already receive the SCT. More generally, integrated programmes that focus on small populations can be expected to encounter resistance at the community level.

7. Linkages between MNSSP programmes and the MVAC humanitarian response

Around the world, the shortcomings of social protection systems to systemically build the resilience of vulnerable Malawians to livelihood shocks, as well as the increasingly costly and ex-post humanitarian response to food and nutrition insecurity, have led stakeholders from the 'regular' social protection sector and those working in the humanitarian response to consider innovative ways to develop social protection systems that effectively and efficiently respond to both chronic and shock-induced vulnerability.

7.1. Existing linkages between the MNSSP and the MVAC humanitarian response

Policy, programme, and administrative linkages between Malawi's key social protection programmes and the humanitarian response to food and nutrition insecurity (MVAC response) are weak and not systematically developed. Currently, existing linkages are mainly implemented on an ad-hoc and pilot basis, primarily on the programme level and dependent on the initiative of implementers.

Stakeholders agreed that a growing number of initiatives facilitate linkages between the humanitarian and social protection sector, such as linkages between the MVAC and the SCT and MVAC and VSL schemes. The later refer

to pilots that facilitate the creation of VSL groups amongst MVAC beneficiaries as part of resilience building activities. Linkages between the MVAC and the SCT are a relatively new approach and are based on automatic inclusion of SCT beneficiaries into the 2016/17 MVAC.

7.2. Challenges of implementing linkages between the MNSSP and the MVAC humanitarian response

Linkages between the MNSSP and MVAC are implemented almost exclusively on the programme level, with no policy level linkages or guidance and not based on sound administrative systems. It was suggested that the main reason for this is the lack of national guidelines and policies that define appropriate linkages and establish procedures, which lead to a number of pilots but limited large-scale implementation of linkages. Likewise, underdeveloped administrative systems are currently unable to facilitate systematic linkages.

Indeed a key challenge towards achieving more effective coordination and cooperation of the two sectors is the lack of information management systems (MIS), monitoring and evaluation (M&E) systems, and unique identification systems, such as ID cards. This lack of administrative capacity makes it difficult to systematically implement linkages.

Further, the lack of adequate information management systems complicates evaluation of the impacts of the linkages initiatives. Throughout the review, stakeholders noted that, at the moment, they are unable to confidently state whether linking MVAC and VSL, for instance, has been a success, as beneficiaries are not systematically tracked. Implementers are currently not able to assess whether linkages add value beyond the impact of the two programmes and have to rely on anecdotal evidence. The significant percentage of in-kind support through the MVAC process also complicates potential links to income generating and resilience building activities, as well as VSL groups.

As already observed, a major problem towards linking programmes from the humanitarian and social protection sector are community level arrangements with respect to equity, defined by the practice of spreading benefits evenly amongst community members. These arrangements, driven mainly by influential traditional leaders in beneficiary selection processes, as well as widespread poverty, create a system where benefits are shared evenly and with little respect for of the targeting outcomes. It is worth noting that this is not a technical hiccup but rather a political issue relating to the power of local leaders. Any alignment of 'regular' social protection programmes with the humanitarian response will have to find ways to address this challenge.

7.3. Opportunities and recommendations to strengthen linkages between the MNSSP and the MVAC humanitarian response

Recognizing widespread levels of poverty and vulnerability and the increasingly frequent occurrence of shocks to the livelihoods of large sections of Malawi's population, stakeholders from Malawi's social protection system and the humanitarian response are considering how to develop a system that can respond to these challenges, possibly through the better alignment of both sectors.

As part of the review process, MNSSP and MVAC stakeholders suggested that the following recommendations to strengthen linkages between the MNSSP and the MVAC humanitarian response should be further explored:

- 1) Develop effective coordination structures between the MNSSP and MVAC.** Effective structures need to be developed that bring together relevant stakeholders from both the 'regular' social protection sector and those active for the humanitarian response. This holds for both Government actors and non-Government stakeholders.

The MVAC is coordinated through the Humanitarian Assistance Coordination Team (HACT) and MNSSP stakeholders report to the National Social Support Steering Committee (SSSC) but no common platform for discussion exists, at either the national or district level. A high-level champion should establish a framework for the two sectors to interact and develop coordination and cooperation mechanisms. The institutional structure should best be based on a strengthened working relationship between the MoFEPD and DODMA.

- 2) **Increase the evidence based on shock responsive social protection in Malawi.** In order to support a systematic implementation of cross-sectorial linkages it is important that the evidence base on impacts, and especially the sum of impacts of linking social protection programmes and the humanitarian response, is strengthened. In order to achieve this, stakeholders prioritize joint learning and assessment. Further, there is a need to improve relevant M&E capacity, data collection capacity, and develop systems to support household tracking. The UBR could be very useful in this respect.

Coordination structure should stress the importance of working and learning together, including joint assessments of harmonization pilots. At the moment there is very little evidence available on the benefits and impacts of a closer alignment of the social protection and humanitarian sector. It therefore important to start developing a sound evidence base on “shock responsive social protection” in Malawi.

Key areas of research range from the sum of impacts of integrated programmes, to the most effective and efficient targeting mechanisms, and community perceptions towards targeting in general and specifically harmonized targeting. As part of the 2016/17 humanitarian response the UBR database was used, on a pilot basis, as the starting point of the MVAC beneficiary selection process, followed by community level discussion and validation procedures. A key question is whether communities accept the UBR targeting or whether they contest the status of households on the UBR database with respect to enrolment into the MVAC.

- 3) **Harmonize programme implementation within the MNSSP.** Stakeholders noted that the large number of implementers and the lack of harmonization within MNSSP programmes significantly complicates the systematic implementation of linkages between the two sectors. A more cohesive MNSSP system could create a solid foundation for the alignment of both sectors.

An innovation of the 2016/17 MVAC response is the automatic inclusion of SCT beneficiaries into the MVAC. Based on SCT enrolment data, SCT beneficiaries are automatically included into the MVAC, thus ensuring that the ultra-poor without labour are not excluded from the MVAC because they receive the (much lower) SCT transfer. An important outcome of this automatic inclusion pilot is to study communities’ willingness to include SCT beneficiaries in the MVAC, which may create some tension, as SCT already receive a transfer and automatic inclusion reduces the number of available MVAC transfers to the rest of the community. On the other hand, SCT beneficiaries are commonly understood to be the poorest of the poor and this may facilitate an understanding within communities on the importance to protect them during a crisis.

Stakeholders further saw opportunities in strengthening the link between cash-based elements of the humanitarian response and appropriate savings and investment programmes, such as VSL.

- 4) **Assess the possibility to harmonized implementation structures of the MNSSP and MVAC.** Stakeholders discussed whether it would be possible to harmonize elements of the implementation architecture of the MNSSP and MVAC. Suggested areas of harmonization could be joint targeting efforts under the UBR, the development common payment systems between PWP/SCT and the MVAC, and the flexibility in transfer levels during an emergency, facilitated through, for instance, a contingency fund.

Create a systematic link between PWP and the MVAC. Stakeholders suggested the need to align public works activities under MVAC with ‘regular’ PWP. At one level PWP can be utilized for community or household level resilience building activities, by focussing on creating and maintaining low-tech community or household level assets that have direct impacts on resilience. Moreover, for instance, in Balaka, WFP incentivizes MVAC beneficiaries to also work on complementary public work activities to build a variety of community assets. However, after the emergency response is over these community assets are often not maintained. To ensure continuous work and maintenance of community assets, stakeholders suggested that MVAC beneficiaries could be incentivized to continue working on these assets after the MVAC, through the incorporation in regular PWP.

- 5) **Develop flexible financing mechanisms.** Financing was seen as a key problem with respect to transforming Malawi’s social protection into a more shock responsive system and it was suggested that there is a need to move towards a harmonized approach to social protection financing. Currently, a significant amount of funding

is invested into social protection, the humanitarian response, and related initiatives but the fragmented and uncoordinated nature of programme implementation is considered to reduce effectiveness.

While not considered feasible in the short-term, increased financial harmonization could eventually lead to the development of a pooled fund for social protection programmes and parts of the humanitarian response. A pooled fund would allow for some degree of flexibility with respect to financing social protection programmes in line with chronic and shock-induced needs. For instance, in a crisis the SCT transfers could be raised through humanitarian contingency fund that is part of the SRSP system. As a step towards the ambitious goals of a Government-managed social support fund, donors could start with a pooled fund and create a steering committee to oversee the management of it.

- 6) **Address community level aversion to “double dipping”.** Community level arrangements with respect to equity has often been identified as a key impediment towards aligning the MNSSP and the MVAC. It was noted that one possible way to address the community resistance towards linking programmes could be to strengthen efforts to sensitize community member and leaders and make them understand that harmonized programme implementation is not the same ‘double dipping’ but rather the provision of one programme that has multiple elements to it.

8. Outlines of a vision for social protection for Malawi

While primarily retrospective, asking how elements of the MNSSP have performed, the review deliberately extended its focus towards a more prospective analysis of Malawi’s social protection system. Based on jointly developed analyses of challenges and opportunities, stakeholders were given the opportunity to reflect on what these findings imply for Malawi’s social protection system in the future. In various discussions, stakeholders debated key implications of the review’s most important findings, which mainly relate to ineffective institutional coordination, inadequate harmonization of financial and implementation guidelines, underdeveloped administrative systems, and limited exploitation of linkages, and suggest a number of reforms to address these shortcomings.

In the following section these suggested reforms, which together form the outlines of a vision for social protection in Malawi, are briefly described. In short, the vision for social protection that has emerged from the review describes a system that is building on the foundation of the MNSSP and its programmes but is more **robust, coherent, integrated, agriculture sensitive, and shock responsive**.

Robust, coherent, and integrated

Stakeholders noted that the MNSSP provides inadequate coverage in relation to needs and vulnerabilities of Malawians. Despite significant progress in recent years, coverage of the SCT, PWP, and SMP do not reach all eligible Malawians. Further, programmes’ targeting criteria have led to a fragmented safety net, as, for instance, the ultra-poor and with labour capacity are not sufficiently covered. Increasing coverage should therefore be a key priority going forward.

Recognizing the need to develop a more coherent social protection system, stakeholders discussed whether there is an opportunity to integrate the two main cash transfer programmes in Malawi, the PWP and the SCT, into one harmonized programme that could be the backbone of Malawi’s social protection system in the future.

Stakeholders’ thinking around programme integration was inspired by discussions of Ethiopia’s main social protection programme, the Productive Safety Net Programme (PSNP). Ethiopia’s PSNP is a social protection programme that targets rural and food insecure households with and without labour capacity. Targeted households with labour capacity receive a cash or in-kind transfer conditional on participation in a PWP. However, households with limited labour capacity receive an unconditional cash or in-kind transfers called “direct support”. An innovative feature of the PSNP ensures some flexibility between the two pillars of the programme. The Ethiopian Government recognizes that some households have temporarily limited labour capacities, for instance when a household member is pregnant or lactating. Such households therefore receive an unconditional cash transfers (“temporary direct support”) until the household has regained its labour capacity. Households with permanently limited labour

capacity, such as those headed by the elderly or handicapped, are enrolled in a permanent cash transfer called “permanent direct support”.

In line with the above, it was suggested that Malawi’s social protection system could be structured around something stakeholders have called a **Core Protection Pillar**, which could comprise of SMP, the SCT, and PWP. Inspired by Ethiopia’s PSNP, this pillar could initially focus on harmonizing Malawi’s two cash transfer programmes, the SCT and PWP. The Core Protection Pillar could be based on harmonised targeting of beneficiaries through the UBR, harmonized transfer levels for PWP and SCT beneficiaries, ensuring the ability to move between the two programmes based on changes in household labour capacity, a single payment system for both programmes, harmonized or pooled financing, and shared institutional coordination structures at national, district, and sub-district level.

Agriculture sensitive

The fact that MNSSP beneficiaries will possibly find it increasingly hard to access FISP, calls for a renewed focus on the linkages between social protection and agriculture, livelihood, and resilience initiatives. Further, it has been recognized that a large number of agriculture, livelihood, and resilience initiatives are currently being implemented by various stakeholders. What is lacking is an institutional and systematic link between those initiatives and social protection programmes. To achieve this alignment stakeholders suggested that proposed Core Protection Pillar could be complemented by a **Resilience/Livelihoods Pillar**, which would structure a range of agriculture, resilience, and livelihood interventions, including VSL and MF. Components of this pillar could be flexibly applied to various populations based on their needs and capacities.

Members of the Core Protection Pillar could be prioritized to be included into the Resilience/Livelihoods Pillar but enrolment into the later could go beyond enrolled in the Core Protection Pillar. The two pillars could either be fully integrated or rely on a referral system and close coordination.

Shock responsive

A starting point of the discussion around how to increase Malawi’s social protection system’s capacity to respond to shocks was the recognition that policies in the area of social protection and the humanitarian response exist in relative isolation. In order to ‘break down the silos’, policies and corresponding structures need to be developed that guide the alignment of the two sectors.

A key feature of shock responsive social protection (SRSP) systems is their ability to respond quickly to shock-induced vulnerability and poverty. Such flexibility could include the upward adjustments of transfer sizes during a crisis or increases in a social protection programme’s caseload. Currently, Malawi’s social protection does not have the flexibility, either in programming or financing, to quickly respond to a crisis, despite the overall very high levels of vulnerability throughout the country. Developing a system that can respond more quickly to a crisis is therefore a core suggestion for the successor programme of the MNSSP.

Oxford Policy Management’s SRSP framework distinguishes between a number of ways that allow social protection systems to become more shock responsive. Key approaches are vertical expansion (increasing transfer levels) and horizontal expansion (increasing a programme’s caseload). Stakeholders suggested that the SCT and PWP, two main cash transfer programmes in Malawi, hold the highest potential to be made shock responsive. Both vertical and horizontal expansion were considered appropriate in Malawi’s context.

It was noted that both programmes have relatively low transfer levels, which are designed to allow households to eat better, build assets, educate their children, and invest in small businesses. Neither the SCT nor PWP transfer are designed to fully cover household needs in an emergency, where households have no or limited sources of income or food. Therefore vertical expansion (raising transfer levels) is particularly appealing to many stakeholders. Such quick and time-bound transformation of the SCT/PWP transfers from developmental to a humanitarian transfers hold the potential to effectively protect the poorest and most vulnerable and protect gains made under the SCT/PWP from erosion during a crisis.

SRSP requires some degree of harmonization or alignment of implementation structures. Malawi's UBR could potentially provide the administrative backbone of the system through joint targeting of programmes and the creation of a comprehensive database of poor Malawians. The use of the UBR database to target MVAC beneficiaries is being piloted in 2016/17 and is expected to provide valuable insight into the feasibility of using data of social protection 'regular' social protection programmes to target beneficiaries for the humanitarian response.

For some, this raised the question whether the UBR has the flexibility to respond to a crisis. If the UBR is to become the targeting database not only for 'regular' social protection, responding to chronic needs, but also for SRSP, the UBR should either cover the entirety of Malawi's potentially vulnerable population or be flexible enough to both add households and adjust household characteristics and categorisation in line with shocks.

While improved harmonization is expected to increase effectiveness and efficiency of Malawi's social protection system, it was noted that funding for social protection in Malawi is inadequate in relation to need. Policy innovations that provide improved protection to poor and vulnerable Malawians, such as an automatic inclusion of SCT beneficiaries, will require an increase in resources allocated to social protection, ideally from both domestic and international sources.

9. Key stakeholder recommendations for the development of the successor programme to the MNSSP

Stakeholders present at the MNSSP Review Final Validation Workshop **prioritized the following areas of focus for the development of the successor programme to the MNSSP:**

- ✓ **Develop clear policy objectives and sustain efforts towards integration:** It was suggested that the MNSSP has been developed and implemented largely based on existing social protection instruments rather than clear policy objectives for social protection in Malawi. As consequence it remains somewhat unclear how MNSSP programmes contribute towards the overall goal of the MNSSP. In the development of the MNSSP II, the policy objectives should dictate the choice of instruments and program, and not vice versa.
- ✓ **Develop a programme that supports both economic and social development.** The MNSSP supports a diverse set of policy objectives in addition to poverty reduction, but programmes are often seen as focusing on economic poverty reduction at the expense of a clear focus on social development. . A more nuanced understanding of programme objectives will enable the development of a system that protects the most vulnerable, prevents households from falling into deprivation, and promotes human and social development as well as sustainable livelihoods.
- ✓ **Develop a social protection system that reduces chronic poverty and vulnerability to poverty, and is capable to respond to shocks.** The MNSSP II is to increase efforts to reduce chronic poverty and vulnerability to poverty through strengthened protective, preventive and promotive social protection programmes. Beyond that, the programme is to develop capacity and preparedness to provide adequate support to Malawians suffering as a result of a livelihood shock. This 'shock responsiveness' could be achieved through increased flexibility of 'core' social protection programmes as well as systematic linkages to Malawi's annual humanitarian response to food and nutrition insecurity.
- ✓ **Strengthen livelihood support within social protection:** It was suggested that a "promotive social protection pillar" should be embedded into the successor of the MNSSP. This pillar would coordinate relevant livelihood interventions and create, complementary to income support provided through social assistance or protective programmes.
- ✓ **Build two graduation pathways in the new programme.** A short term graduation pathway via short-term livelihood enhancement interventions would focus on skills development, access to capital, and livelihood

development. A long term graduation pathway via human capital development would be supported through access to education, health, and nutrition interventions, aiming to break the inter-generational cycle of poverty.

- ✓ **Develop an integrated social protection system:** The development of the successor to the MNSSP is a great opportunity to move away from a programme-focused approach to social protection and build a coherent and integrated social protection system for Malawi. Moving towards a more integrated system has both system and programme-level implication and could be realized, inter alia, through harmonization of targeting and data collection, common identification, payment, and case management systems, increased financial integration, and the ability to shift beneficiaries across programmes based on needs, vulnerabilities, and capacities.
- ✓ **Strengthen institutional coordination:** Stakeholders recommended to strengthen the institutional coordination mechanisms of Malawi's social protection sector, focusing on clarifying roles and responsibilities of coordination structures at community, district, and national level and creating single coordination structures at district and community level. Capacity building of these structures was further seen as a priority.
- ✓ **Develop a system for programme linkages:** Based on clarified programme objectives, experiences from existing linkages pilots, an efficient institutional and administrative system is to be developed that can, where relevant and feasible, facilitate linkages between prioritized social protection programmes, relevant services, and the broader social protection sector. Such linkages should contribute towards increasing livelihood support within social protection.
- ✓ **Develop effective and context appropriate targeting mechanisms:** Stakeholders recognized that Malawi's current targeting systems face common challenges in selecting the most poor and vulnerable. They suggested that poverty targeting could be complemented with categorical targeting approaches. Strengthening the focus on categorical beneficiary selection methods has the potential to increase the targeting accuracy and improve community understanding of selection processes. Such targeting reforms could work well with the UBR, which was regarded as presenting a good opportunity to harmonize targeting and strengthen the coherence of the system. However, stakeholders also expressed concerns about the data quality and targeting accuracy of the UBR in poor and rural Malawi. Further, it was suggested that robust grievance and appeals mechanisms need to be built into the UBR.
- ✓ **Strengthen accountability through improved evidence creation and data collection:** It was suggested to develop strong accountability mechanism at community and district level and, more generally, strengthen accountability for results at all levels through clear indicators and improved monitoring and evaluation systems.

PART B - Review of individual MNSSP programs

10. Review of the Social Cash Transfer Programme



What is the most important or interesting fact about the programme?

- Transfers are being paid to those who would otherwise have no support
- Delivery of benefits directly to ultra-poor
- Dependency ratio as a criterion for selection
- Positive impact on household wellbeing, school retention and enrollment, consumption, and asset accumulation

What are the successes of the programme in the last four years?

- Setting up of institutional structures and creating of standards and processes
- Targeting is effectively reaching intended beneficiaries
- Well-functioning MIS used by all partners
- Payment of transfers on time
- Expansion of SCT from 7-18 districts, reaching 170K + beneficiaries
- Development partners and Government interested in the program
- Good leadership from MoGCDSW

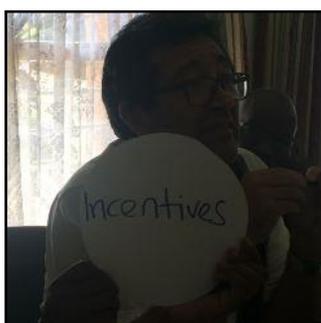


What are the issues that did not go well?

- Inadequate financial commitment from Government
- Inadequate financial management
- Universal application of 10% cut-off excluding poor and vulnerable
- National coverage not achieved
- Government implementation of the SCT in Thyolo
- Human capacity at central and district level
- Poor incentives and salary structure
- Infrequent revision of transfers levels

How do you feel about the programme?

- Very optimistic – Donors are there to support
- Optimistic – Donors are listening and there good progress in the implementation of the SCT
- Optimistic – Transfers directly reach the ultra-poor and donors will keep supporting the SCT
- Cautiously Optimistic – For donors to stay Government has to show more commitment
- Cautiously Optimistic – Need to be mindful that SCT competes with other equally important donor priorities



What has been learned?

- Human face should reign supreme, social justice and human rights
- E-payments can work in the Malawian context
- Arrears allow for faster accumulation of assets
- SCT has changed the perception of social protection from labour-focused to labour-constrained
- Small transfers can make a large difference to beneficiaries
- Coordination key in Social Protection
- Regularity of payments very important
- SCT needs to be flexible and responsive to changing environments

The following section summarizes key discussion points and recommendations made at the MNSSP Review workshop on Social Cash Transfer Programmes, held at Crossroads Hotel on the 4th of May 2016 in Lilongwe.

The purpose of the workshop was to evaluate the progress made by Social Cash Transfer Programme (SCT) against the MNSSP (2012-2016) results matrix and facilitate a critical discussion amongst programme implementers on the relevance, effectiveness, efficiency, institutional capacity, and sustainability of the SCT under the MNSSP.

Summary of key challenges of the Social Cash Transfer Programme

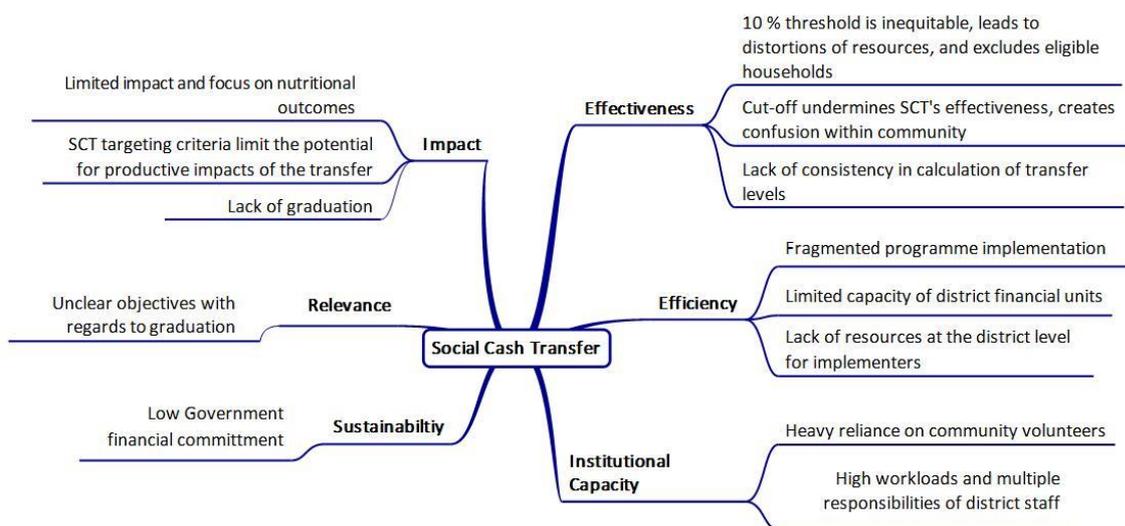


Figure 5. Summary of key challenges of the Social Cash Transfer Programme

Traffic Light Evaluation of the Social Cash Transfer Programme: Outcomes and outputs

Stakeholders were asked to study the MNSSP results matrix as completed by the MoGCDSW and evaluate whether the MoGCDSW's completion of the matrix accurately reflects the implementation of the SCTP. In addition, stakeholders were asked to offer their own assessment of the progress made in relation to the results matrix.

Summary of key outcomes and outputs of the Social Cash Transfer Programme

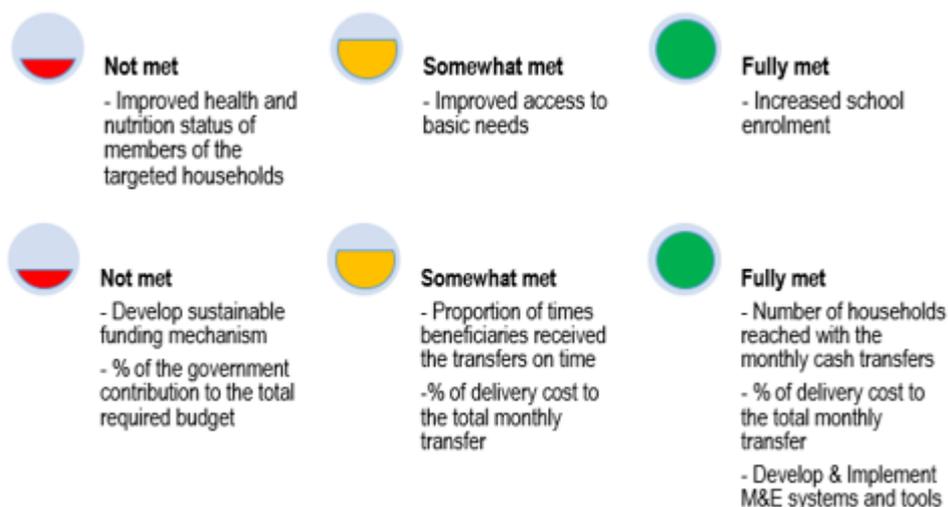


Figure 6. Summary of key outcomes and outputs of the Social Cash Transfer Programme

Table 1. Strategic outcomes for the Social Cash Transfer Programme

Strategic outcomes for the Social Cash Transfer Programme							
Outcome	Indicator	Baseline	Source	Target	2016	Source	Stakeholders' comments:
Improved health and nutrition status of members of the targeted households	% of children underweight/overweight	16.5%	MDHS, 2010 IHS, 2010	15%			Stakeholders felt that health and nutritional indicators are currently not effectively impacted through the SCT. Additional measures should be put in places to ensure impact on health and nutrition related indicators.
	Prevalence of stunting in under fives	58.7%		40%			
	Prevalence of wasting in under fives	55.5%		<2%			
	% of beneficiaries seeking improved health care services at Government facilities	5%		80%			
Improved access to basic needs	% of households with permanent shelter	10.8%	IHS, 2010	22%			Based on SCT impact evaluations and stakeholders' experiences, there was a consensus that the SCT effectively contributes to improved access to basic needs and school enrolment.
	% of households by adults having at least 3 meals per day	21.2%		47.7%			
	% of households by children (6-59 months) having at least 3 meals per day	51.0%		71.8%			
	% of population with Blanket and sheets during cold season	13.9%		18.3%			
Increased school enrolment	Enrolment rate	78.5%	IHS, 2010	88.5%			

Table 2. Strategic outputs for the Social Cash Transfer Programme

Strategic outputs for the Social Cash Transfer Programme							
Outputs	Indicator	Baseline	Source	Target	2016	Source	Stakeholders' comments:
Provide Monthly Cash transfers	Number of households reached with the monthly cash transfers	30,451	District M&E Reports; MGCSW Quarterly Reports	193,400	170,000	SCT MIS	
	Proportion of times beneficiaries received the transfers on time	50%		80%	95%	SCT MIS	Stakeholders discussed payment frequency of the SCT as a key indicator of the programme's operational effectiveness. According to Ayala Consultants' (the team of consultants maintaining the SCT MIS at the MoGCDSW) calculations, about 95% of beneficiaries in EU/KfW funded districts currently receive their transfers on time, which is a significant improvement from 2015.
	% of delivery cost to the total monthly transfer	15%		15%	12%		Stakeholders discussed the indicator on transfer costs (% of delivery cost to the total monthly transfer) and criticized that unclear wording. Delivery costs refer to the cost of delivering transfers and not total program administration cost. It was agreed that there is a need to have a standard definition of 'delivery cost' to ensure comparability across modalities. According to Ayala Consultants, non-transfer costs currently make up 12 percent of total programme cost. This applies only to EU/KfW districts and needs to include the remaining districts. It was suggested that non-transfer costs are high in relation to transfers at the early stages of the programme, with the extension of the programme the percentage is expected to go down. It was further mentioned that non-transfer costs are usually around 10 percent of total costs and that the SCT's costs structure is in line with global experiences.
Develop sustainable funding mechanism	% of the government contribution to the total required budget	8%	MoF Budget Statement	40%	11%	MoGCD SW	It was noted that Government financial commitment to the programme has fall considerably short of the MNSSP's target of 40 percent. In fact, Government financial contribution has only increase by three percentage points over 4 years. It was recognized that such low levels of contribution negatively affect programme sustainability and Government ownership.
Develop & Implement M&E systems and tools	Proportion of districts with fully functional databases	14%	MGCSW Quarterly Reports MGCSW Quarterly Reports	100%	100%	SCT MIS	All districts operate based on a fully functional web based MIS.
	Number of quarterly district visits	1		4	4		This includes financial verification visits that take place every two months; also included supervisory visits which happen every transfer term.
	Number of Annual National M&E reports	1		4	4		

10.1. Relevance of the Social Cash Transfer Programme

Objectives of the Social Cash Transfer Programme (SCT): Reduce poverty and extreme hunger amongst ultra-poor and labour constrained households; increase school enrolment of children in beneficiary households; and improve the nutrition, economic and general well-being of beneficiary households.

Key questions on the relevance of the SCT

- **Children:** Is there a sufficient focus on children, in the view of long term investment in human capital?
- **Nutrition:** Evidence suggests that SCTs on their own have limited impact on nutrition due to multidimensional nature. What complementary nutrition interventions could be implemented?
- **Focus on labour constrained households:** The ultra-poor not living in labour-constrained households are excluded from the SCT. Are they effectively covered under other schemes?
- **Graduation:** Can households be expected to graduate through the SCT without complementary measures?
 - What complementary support could enable the graduation of SCT beneficiaries?
 - Where should SCT beneficiaries graduate to?
 - Can all beneficiaries be expected to graduate or will some require ongoing transfers?

Stakeholders discussed the concepts of graduation out of poverty, ultra-poverty, and vulnerability in the context of the SCT and whether or not the current implementation of the SCT has the potential to contribute, and is geared towards, a sustainable exit from poverty and vulnerability for its beneficiaries.

A starting point of the discussion on graduation was the recognition that most SCT beneficiaries, despite evidenced improvements in livelihoods, resilience and wellbeing, do not graduate out of ultra-poverty.

There was considerable skepticism whether the SCT in its current form can be expected to empower households to graduate out of poverty. The provision of about MK 55,000 with little complementary support was considered inadequate by stakeholders if the SCT's objective is to sustainably graduate households out of poverty, especially given the demographic characteristics of SCT beneficiary households.

A consensus emerged from the discussion that the SCT's objectives with respect to graduation need to be clarified and if graduation is expected, changes would need to be discussed with respect to the design and potentially targeting criteria of the programme. In a SCT that is designed towards poverty graduation, distinguishing between households with productive capacity and those in need of ongoing support is key.

The group stressed that if graduation is to be an explicit objective of the SCT, a stronger focus should be placed on complementary support services. It was recognized that the SCT's effectiveness, whether the focus is on graduation or not, has been undermined by an insufficient development of a system for linkages to complementary services and interventions. It was seen as very important to clarify expectations towards graduation, develop policies, guidelines, and processes that reflect these expectations, and ensure that all stakeholders involved in programme implementation, and especially beneficiaries, are aware of the resulting implications.

Another issue that was discussed was the fact that the SCT's targeting criteria leaves out the ultra-poor with labour. It was recognized that PWP only provide very limited social protection coverage. Stakeholders suggested to review the alignment of the SCT and PWP with a view to close coverage gaps amongst the (ultra-)poor.

10.2. Impact of the Social Cash Transfer Programme

Table 3. Summary of Social Cash Transfer evidence discussed by stakeholders: Impact

Summary of Social Cash Transfer evidence discussed by stakeholders: Impact	
Food and nutrition	SCT found to contribute to improved food consumption, food diversity, and food security. Evidence on nutrition is inconclusive
Health	Evaluations of the SCT consistently find a positive impact on curative health care usage. Evidence encouraging for child and adult health outcomes
Education	Positive enrolment effects are particularly pronounced for students transitioning from primary to secondary school. SCT found to decrease dropout rates
Labour supply	SCT lead to a substantial reduction in ganyu labour and a shift towards increased agricultural activities on households' farms
Resilience	Evidence of improved resilience among beneficiaries. However, often beneficiaries are excluded from other formal or informal resilience mechanisms
Poverty	Large (14.2 percentage point) reduction in ultra-poverty (endline evaluation). SCT is likely to have a significant impact on national poverty indicators once implemented nationwide

Key questions on the impact of the SCT

- How can programme design work towards improved nutrition?
- Are there lessons from improved education outcomes to support improvements in nutrition and health outcomes? Could there be a health bonus conditional on, for instance, growth monitoring?
- Does the fact that impacts are particularly strong among the poorest beneficiaries imply that the transfer share of pre-transfer income is too low for some beneficiaries to have impacts?
- Does the targeting of the ultra-poor and labour constrained limit the potential for productive impacts?
- Beneficiaries seem to prioritise non-productive durable assets and productive agricultural assets over productive non-agricultural assets. Should the SCT encourage investment in productive non-agricultural assets?

Stakeholders present recognized that the current programme design does not adequately focus on improving nutritional outcomes. While there may be improvements the nutritional status of SCT beneficiaries, especially of children, these impacts are very difficult to measure.

As the SCT currently does not have a fully-developed nutrition component, reductions in nutrition deficiencies require multidimensional support, and impacts on nutritional outcomes are difficult to assess, stakeholders question whether the SCT should maintain an explicit objective on nutrition. If the objective is to stay, implementers should develop a comprehensive approach on nutrition within the context of the SCT, focussing on complementary services and interventions.

Stakeholders discussed whether the SCT targeting criteria limit the potential for productive impacts of the transfer. As a starting point, stakeholders acknowledged that the SCT already has quite significant impacts of productivity of beneficiaries, often in the form of increased usage of improved agricultural techniques. Nonetheless, it was recognized that, while most SCT households have some labour capacity, the targeting of ultra-poor and labour-constrained households places certain limits on productive impacts of the SCT.

10.3. Effectiveness of the Social Cash Transfer

Table 4. Summary of Social Cash Transfer evidence discussed by stakeholders: Effectiveness

Summary of Social Cash Transfer evidence discussed by stakeholders: Effectiveness	
Coverage	Implemented in 18 out of 28 districts and even within covered districts the SCT does not reach all ultra-poor and labour constrained households
10 percent threshold	District coverage is targeted at 10 percent of the population, which in 2006, was the percentage of the national population that corresponded to both eligibility criteria. A geographically uniform cut-off point leads to significant inclusion and exclusion errors at the district level and distortions in allocations of funds amongst districts
Exclusion of households	How many labour constrained and ultra-poor households are excluded because of the 10% cut off? What alternative social protection support do those who are excluded receive?
Payment value	With the May 2015 transfer value, 40 percent of beneficiaries have a transfer share below 20 percent of their original consumption and the median is 23 percent. High inflation and the declining value of the Kwacha makes it vital to adjust the transfer value frequently

Key questions on the effectiveness of the SCT

- Should the SCT discontinue the 10% cut-off point and cover all ultra-poor and labour constrained household in line with the programme objectives? Will districts and stakeholders accept varying coverage rates?
- For 40 percent of beneficiaries the transfer is less than 20 percent of pre-transfer consumption and inflation is high. Are transfer levels adequate and should they be annually adjusted with a link to inflation?
- How is the case management system functioning? Are there ways it needs strengthening? Are potential beneficiaries aware of effective appeals procedures?

In discussions of the district level 10 percent eligibility threshold, stakeholders agreed that the current approach is inequitable, leads to distortions of resources at the district level and excludes a significant number of theoretically eligible households. Stakeholders considered the threshold as undermining the effectiveness of the programme, contradicting its objectives, and creating confusion and friction amongst theoretically eligible beneficiaries in districts that have relatively large eligible populations.

Stakeholders suggested that, once the programme has reached national scale, and after an inclusive dialogue with relevant stakeholders, the SCT should cover all ultra-poor and labour-constrained households.

Stakeholders discussed payment frequency of the SCT as a key indicator of the programme's operational effectiveness. According to Ayala Consultants' (the team of consultants maintaining the SCT MIS at the MoGCDSW) calculations, about 95% of beneficiaries in EU/KfW funded districts currently receive their transfers on time, which is a significant improvement from 2015.

With respect to transfer levels, the plenary criticized the lack of predictability and consistency in their calculation. At the moment, transfer levels are set based on resources available rather than a consistently applied formula. It was further recognized that currently adjustments in transfer levels are done infrequently, on an ad-hoc bases, and take long to implement.

10.4. Efficiency of the Social Cash Transfer Programme

Table 5. Summary of the Social Cash Transfer evidence discussed by stakeholders: Efficiency

Summary of Social Cash Transfer evidence discussed by stakeholders: Efficiency	
Administrative cost	The SCT has comparatively low administrative costs of 12 percent of total programme cost, which is in line with international standards.
Targeting challenges	Evaluations found targeting outcomes to be less than satisfactory as the eligibility criteria are subject to interpretations, with proxies of poverty are variedly applied in different contexts at community level.
Community understanding of targeting	Evidence raises questions as to whether communities understand the 10% cut-off and the notion of ultra-poverty. Increases in social tensions are reported, conceivably due to limited community understanding of eligibility and the 10 percent cut-off.
Payment system	Currently payments are delivered primarily manually, requiring beneficiaries to travel long distances to the few payment points per village cluster.

Key questions on the efficiency of the SCT

- Are there reforms that could improve targeting efficiency (simplifying eligibility criteria, using easily observable categorical criteria, etc.)?
- How can beneficiary selection be reformed to improve community understanding of the process and community cohesion?
- Are there ways to improve the efficiency of the payment system? What can be learned from the various e-payment pilots? In the future, can the SCT's payments be done entirely electronically?
- Which is most effective payment rhythm, monthly, bi-monthly or quarterly?

Stakeholders discussed the indicator on transfer costs (% of delivery cost to the total monthly transfer) and criticised that unclear wording. Delivery costs refer to the cost of delivering transfers and not total program administration cost. It was agreed that there is a need to have a standard definition of 'delivery cost' to ensure comparability across modalities.

According to Ayala Consultants, non-transfer costs currently make up 12 percent of total programme cost. This applies only to EU/KfW districts and needs to include the remaining districts. It was suggested that non-transfer costs are high in relation to transfers at the early stages of the programme, with the extension of the programme the percentage is expected to go down. It was further mentioned that non-transfer costs are usually around 10 percent of total costs and that the SCT's costs structure is in line with global experiences.

With respect to targeting, stakeholders recognized a number of challenges of the current model, in particular the pervasiveness of deep poverty in rural Malawi and the lack of community understanding of the targeting criteria. It was suggested to discuss potential targeting reforms in a separate forum. UNICEF's forthcoming processes evaluation was considered to provide a good basis for a discussion on targeting challenges.

The plenary further discussed operational support arrangements the district and community levels. A key challenge is the lack of resources at the district levels, especially with respect to transport. At the moment, district level implementer and especially community volunteers do not have adequate resources to adequately fulfil their mandates.

Stakeholders observed that the high workloads and multiple responsibilities of district level staff places significant pressure on staff, which to a significant results from requirements of manual payment. These payments require a large number of district staff to be in the field for weeks. Stakeholders suggested that e-payments or third-party payments could be a possible solution for the high workload.

There was some discussion as to whether payments are usually made on time. It was suggested that the lack of harmonization of financial and operational cycles are a key cause that has led to delays in payments. The use of common operational cycles but different financial cycles was claimed to affect the regularity of payments. Lack of common financial rules and requirements and the misalignment of operational and financial cycles causing delays. However, others suggested that, if financial and operational cycles are well aligned it doesn't really matter with respect to pay-outs from which donor the money comes from.

In the end it was suggested that aside from Thyolo (Government implementation district), Dedza and Nkathabay (still targeting) payments are paid overwhelmingly on time. The challenges in Thyolo are unique and a result of limited Government capacity and funds. In Dedza and Nkathabay targeting is still ongoing. Overall, once districts are targeted there are little delays in pay-outs. Payments are done on time between 80-90 percent, including the above mentioned districts, which weigh down the average. On-time payment varies between 78% - 95% (according to Ayala Consultants' data).

A key difference between districts is that in EU/KfW funded districts Ayala Consultants support the MoGCDSW in financial management. Lack of financial management support does not seem to affect regularity of payments directly but adherence to financial management, which may affect audit outcomes, etc.

Funding modalities are the same for EU/KfW/IA but the LDF has different procedures. The LDF directly funds District Councils directly, unlike EU/KfW/IA who transfer funds to the MoGCDSW. The MoGCDSW said it had no direct influence over LDF district. From the LDF's perspective, Ministries should not implement programmes but rather set standards, provide sectorial guidance, supervise and monitor. The districts should implement.

Some stakeholders warned that there is a risk of developing two parallel implementation systems, fragmenting programme implementation.

Stakeholders suggested that district financial units are not reliable and lack capacity to execute basic reporting functions, which means that central staff has travel to the districts on a bi-monthly basis to meet financial standards and produce reports. It was agreed that there is a serious capacity gap with respect to financial management at district level. However, some suggested that the issue is not necessarily the lack of district capacity but rather the desire of central staff to receive allowances that drives these expensive missions.

Stakeholders discussed the advantages and disadvantages of various transfer systems, in particular e-payment vs. hard cash. There was a consensus that e-payment systems have the potential to reduce the workload for district staff, increase cost-efficiency of pay-outs, as well as encourage savings amongst beneficiaries. However, concerns were raised about the relatively underdeveloped network of banking agents in rural Malawi.

10.5. Intuitional capacity of the Social Cash Transfer Programme

Table 6. Summary of the Social Cash Transfer evidence discussed by stakeholders: Institutional capacity

Summary of Social Cash Transfer evidence discussed by stakeholders: Institutional capacity	
Leadership and management	Inadequate leadership and management capacity at all levels. Frequent transfers of senior leadership and managers, with negative impacts on programme performance. Capacity for institutional memory is weak
Communication, coordination and collaboration mechanisms	Weak institutional communication, coordination and collaboration mechanisms. Failure to meet regularly by structures such as the NSSSC, DSSC and CSSC, due availability and low commitment among members, inadequate operational resources, and multiple responsibilities
Financial management	Weak public financial management system. Challenges evidenced by consecutive adverse audits of the SCT
Staffing levels	Vacancy level at 39% for SCT positions and 71% for Principal Social Welfare Officers. Shortages prevail for all categories of staff especially at district and community levels
Transfer of systems and capacity building	Inadequate transfer of systems and capacity building. Ayala Consultants to provide on the job coaching in areas of data and financial management. Questions as to whether this is an integral part of the current arrangement
M&E	Inadequate M&E personnel, operational resources, and capacity building measures both at national and district level. Infrequent meetings by coordinating mechanisms that serve to track progress
Workload	DC support staff are committed to serve the programme, they are not fully released to the SCT (except in Balaka). Combine SCT activities with other work. This dual obligation negatively affects implementation of SCT activities
Operational support	SCT has a significant investment budget. However, procurement often faces significant delays, resulting in borrowing of infrastructure and inadequate equipment

Key questions on the institutional capacity of the SCT

- How can the transfer of systems and capacity within the Ministry be improved?
- How can institutional communication, coordination and collaboration mechanisms be strengthened?
- What lessons can be learned from the consecutive adverse financial audits? How can financial management systems and capacity be improved?
- How can staffing levels be improved? How can the turnover of senior leadership and managers be reduced?
- What is the necessary investment cost of putting in place adequate operational support infrastructure is in place?
- How are voluntary community structures maintained and supported? Are there enabled to sustainably and effectively serve the programme?

Some stakeholders suggested that implementation challenges are not a related to capacity shortfalls and inadequate operational and technical skills but rather a question of perverse incentives. Civil servants with comparatively low salaries are incentivized to spend a lot of time travelling in the field in order to receive travel and subsistence allowances. This is an issue that affects the entire Government and civil service and there may be limited scope within the SCT implementation to address this. However, the issue of a misalignment of incentives has significant impacts on programme implementation and must be acknowledged, in particular the practice of unnecessary travel often results the absence of key staff at the central level.

Stakeholders recognized the challenges of implementing the SCT largely on the basis of volunteerism. It was suggested that the reliance on community level volunteers should be reconsidered, taking into account the high workload and opportunity cost of participation in programme implementation. It was discussed whether a more professional approach towards community level implementation could yield better results and whether volunteers should be financially compensated for their contributions.

10.6. Sustainability of the Social Cash Transfer Programme

Table 7. Summary of Social Cash Transfer evidence discussed by stakeholders: Sustainability

Summary of Social Cash Transfer evidence discussed by stakeholders: Sustainability	
Financial sustainability	Current levels of donor funding raise financial sustainability concerns. Government contribution to the SCT is around 11 percent, leaving the programme vulnerable to changes in donor priorities. Low Government funding levels affect implementation and raises question of ownership.
Cost as a % of GDP	In Nov. 2015, the SCT reaches 159,857 households with an estimated cost of 0.57 % of GDP.
Cost at national scale	Reaching 319,000 households, covering the 10 % poorest labour-constraint households in each district, SCT would cost about 1.1 % of GDP.

Key questions on the sustainability of the SCT

- Will the Government take on greater ownership of the programme?
- Are there any reforms that could make the programme more financially sustainable and attractive to Government? Are there lessons to be learned from the FISP?
- How do political economy considerations play into this?
- What strategy could lead to donors to gradually reduce their contribution to the programme in relative terms?

It was noted that Government financial commitment to the programme has fall considerably short of the MNSSP's target of 40 percent. In fact, Government financial contribution has only increase by three percentage points over 4 years. It was recognized that such low levels of contribution negatively affect programme sustainability and Government ownership.

While recognizing the low levels of Government funding to be one important indicator of programme ownership, stakeholders suggested that programme ownership speaks to more than just the level of financial contributions. Stakeholders worry that low Government financial contributions will undermine the sustainability of the SCT. The risk of donors 'losing patience' with the Government was considered to be real risk for the SCT.

Donors were expected to be unwilling to keep funding a programme that does not benefit from Government ownership and is not seen receiving adequate financial and political support from the Government. There was a strong consensus that increased Government ownership is key to ongoing donor support and the sustainability of the SCT.

10.7. Stakeholder recommendations

The following recommendations were made to strengthen the relevance, impact, effectiveness, efficiency, institutional capacity, and sustainability of the Social Cash Transfer programme.

Relevance

- 1) **Clarify objectives of the SCT with respect to graduation:** Is the SCT a programme that has the objective to graduate beneficiaries out of poverty? If graduation is to become a stated objective a concept need to be developed on how to adjust the SCT towards that goal.
- 2) **Define support for those unable to graduate:** If graduation is to become a programme objective, a strategy should be developed on what forms of social support would be provided to those who either fail to graduate or are expected to be unactable of doing so and will require ongoing support
- 3) **Strengthen the sustainability of impacts:** Develop a strategy on how complementary services can support sustainability of SCT impacts. Linkages and referral systems should be strengthened as an integral part of the SCT.

- 4) **Gap analysis:** Review the alignment of the SCT and PWP with a view to close coverage gaps amongst the (ultra-)poor.

Impact

- 1) **Develop a nutrition strategy:** If nutrition is to remain an objective of the SCT, there is a need to develop a strategy on nutrition within the SCT.

Effectiveness

- 1) **Establish an annual automatic review of transfer levels:** Transfer level should be based on a clear and consistent formula.
- 2) **Reconsider the 10% eligibility threshold:** A majority of stakeholders suggested that the threshold should be discontinued.

Efficiency

- 1) **Review operational support arrangements at district and community levels:** Focus should be on institutional coordination and whether implementers have adequate funding and infrastructure.
- 2) **Review current targeting approaches:** Stakeholders suggested to review the targeting approaches of the SCT in light of the pervasiveness of ultra-poverty and the challenges of community members to understand the targeting criteria.
- 3) **Strengthen financial harmonization:** Undertake efforts to harmonize financial rules and requirements and align the operational and financial cycles of donors.
- 4) **Develop harmonized implementation arrangements:** Develop harmonized institutional implementation arrangement shared by all implementers and donors.
- 5) **Strengthen reporting and financial management capacity:** Strengthen capacity of district financial units to execute reporting and financial management functions.
- 6) **Consider e-payment of transfer:** Review the challenges and opportunities of moving towards an e-payment system.
- 7) **Consider the introduction of third-party payment systems:** Review whether third-party payment systems would be able to reduce workload for district level staff.

Institutional capacity

- 1) **Strengthen district level management capacity:** Review what support district staff needs to be provided to reduce the need for central staff to frequently travel to districts.
- 2) **Explore capacity constraints and incentives of Community Social Support Committee (CSSC) members:** Consider switching to a 'professionalization' of community level programme implementation.

Sustainability

- 1) **Increase Government financial contribution:** Develop a strategy in increasing Government financial commitment to the SCT.
- 2) **Develop a 'business case' for SCT funding that appeals to stakeholders that make financial decisions, in particular the Treasury:** Develop a strong case on local economy impacts, investments in human capital, increased productivity of beneficiaries, etc.

11. Review of Public Works Programmes



What is the most important or interesting fact about the programme?

- Financial management of the programme
- Change from 2 cycles to 4 cycles per year
- Programme's ability to provide food security
- Communities build community assets and earn money in the process

What are the successes of the programme over the last years?

- After 4 years, assets can be seen and the communities retain and maintain them
- Country wide programme in all councils with a strong focus on economic empowerment
- Significant coverage of Malawi's poor and ultra-poor
- Active participation by communities from development to implementation and strong community ownership
- Launch of the Mthandizi MIS

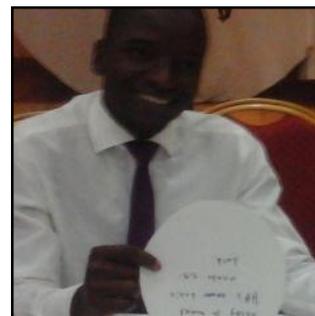


What are the issues that did not go well?

- Persistence of 'ghost workers', timeliness of disbursement of funds, and significant political interference
- Benefits are eluded because they are small, timeliness of payments
- Inadequate data sharing between implementing partners and Government
- Lack of monitoring systems at district level and late disbursement of funds, lack of capacity to provide monthly reports

How do you feel about the programme? Pessimistic or optimistic? Why?

- Optimistic: Communities take active role in design of PWP and programme is doing better than others
- Optimistic: Catchment area approach and repeat targeting are right approaches
- Optimistic: Lot of support from local, district, and national leadership
- Cautiously optimistic: PWP needs stronger impacts and communities need to graduate to make PWP sustainable



What has been learned?

- PWP have the potential for strong impacts based on the repeat targeting and the catchment approach
- Linking VSL to PWP can help improve impact
- Participatory participation of project identification is key and the selection of catchment areas is better than covering whole districts
- With community participation projects are more successful
- Top-down approach to PWP has not been successful and communities need to solve their own problems from the bottom-up

This section summarizes key discussion points and recommendations made at the MNSSP Review workshop on Public Works Programmes, held at Crossroads hotel on the 5th of May 2016 in Lilongwe.

The purpose of the workshop was to evaluate the progress made by Public Works Programmes against the MNSSP results matrix and facilitate a critical discussion amongst programme implementers on the relevance, effectiveness, efficiency, institutional capacity, and sustainability of micro-finance programmes under the MNSSP.

Summary of key challenges of Public Works Programmes

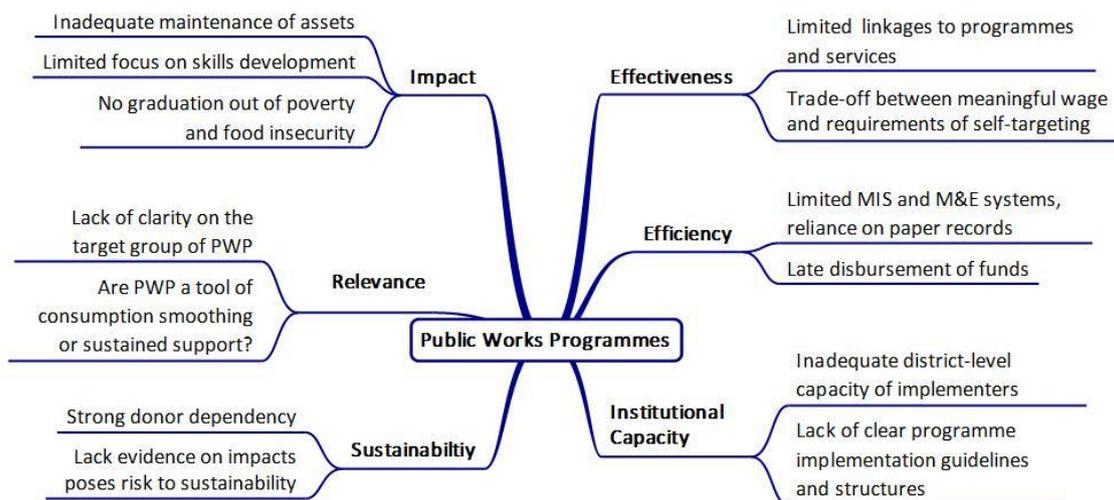


Figure 7. Summary of key challenges of Public Works Programmes

Traffic Light Evaluation of Public Works Programmes: Outcomes and outputs

Stakeholders were asked to study the MNSSP results matrix as completed by the MoLGRD and evaluate whether the MoLGRD's completion of the matrix accurately reflects the implementation of PWP. In addition, stakeholders were asked to offer their own assessment of the progress made in relation to the results matrix.

Summary of key outcomes and outputs of Public Works Programmes



Figure 8. Summary of key outcomes and outputs of Public Works Programmes

Table 8. Strategic outcomes of Public Works Programmes

Strategic interventions, indicators, baseline values and targets for public works						
Output	Baseline	Source	Target	Actual	Source	Stakeholder comments
Proportion of land under forestry cover, agro-forestry & fruit tree production	8,440ha	IGPWP	17,000ha	2,936 ha	LA reports	There has been progress towards this area of intervention. The figures for LDF indicate that it's for one cycle of 2016
Proportion of total irrigable land under irrigation	39,000 ha	MoIWD	59,000 ha	421 ha	LA reports	The land used for irrigation is normally at a small scale, which is the reason the indicator was not met. Irrigation activities under PWP tend to be rather small scale, reaching the target of 59,000 ha would require large-scale interventions, which currently do not happen;
Number of km Constructed/ Rehabilitated / maintained per year	2,107km	IGPWP	5,000 km	4,032 km	LA reports	
% of poor HH members participating in public works	38.2%	IGPWP and MASAF	37.4%	391,585 hhs	LA reports	A total of 391,585hhs have been reached with PWP cash transfers. Total number of beneficiaries expected to reach 450,000 final reports are received.

11.1. Relevance of Public Works Programmes

PWP are social protection instruments with the triple objectives of providing temporary employment, generating and/or maintaining labour-intensive infrastructural projects and transferring skills. PWP have been implemented in Malawi at least since the mid-1990s. Large-scale programmes were either short-term employment PWP or labour-intensive infrastructure provision.

Currently, there are three main PWP in the country. They differ in terms of objectives, design, and scope:

- EU's Rural Road Improvement Programme: Labour-intensive infrastructure provision
- MASAF IV's PWP: Repeatedly targeted beneficiaries over a three-year period
- WFP's Food for Asset: Combines PWP activities with promotion of income generating activities

Table 9. Summary of Public Works Programmes evidence discussed by stakeholders: Relevance

Summary of Public Works Programmes evidence discussed by stakeholders: Relevance	
Employment	Malawi's labour market has large incidences of unemployment and underemployment that are either chronic, shock-induced or seasonal. All types of unemployment and underemployment exist and it is difficult to distinguish them. Traditionally, PWP respond mainly to seasonal and shock induced unemployment and underemployment. Recently, programmes have targeted households living in chronic poverty caused by chronic unemployment.
Design and objectives	There seems to me a mismatch between PWP design and objectives: short-term PWP at a low wage rate are an ineffective poverty reduction instrument in context of chronic poverty (insufficient value, value not accounting for household structure and needs, insufficient duration to trigger sustainable welfare enhancement).
Work conditionally	It can be extremely taxing for poor households (particularly if with relatively little labour capacity) to meet the work conditionality in order to access the cash transfer. It may lead to inefficient allocation of time away from more productive – welfare enhancing – activities. More on this in the impact section.
Infrastructure and assets	Malawi has significant unmet needs with respect to infrastructure that could facilitate local economic growth and market access. There is a need to increase resilience and productivity through improved farming techniques. It is therefore not surprising that PWP are very popular in Malawi and, at least theoretically, PWP can play an important role in improving market access, productivity and resilience. However, it is important to ensure that the infrastructure and assets created are of high quality and even if they are, there is little evidence of significant impacts such assets on households or community level indicators.
Skills	Limited emphasis in project design on the development/acquisition of skills that can increase employability/productivity in the long term. Stronger focus on skills enhancement will require higher per beneficiary investment (admin costs).

Key questions on the relevance of PWP

- How to increase the “social protection” function of PWs for the chronic poor?
- Some insights from PSNSP: Payment level accounts for household size; Long term permanence; Individuals move across PW and CTs as their labour capacity changes (illness, pregnancy)
- Are PWs the most relevant SP instrument (compared to CTs) in reducing chronic poverty if they do not deliver skills and quality assets? Cost-benefit analysis needed
- How to tailor PW design to better respond to seasonality and in emergency context?

Stakeholders discussed the design and objectives of Malawi's PWP, in particular the Local Development Fund's (LDF) PWP, and in how far their design and implementation reflects the triple objectives of PWP and the particular needs of Malawi's rural poor.

Stakeholders agreed that there is a need to develop a clear definition of key objectives, expected outcomes, and the target group. Interestingly, there was some disagreement amongst stakeholders whether the ultra-poor with labour or the poor with labour capacity are the target group of Malawi's PWP. Based on clarified objectives and outcomes, programmes should be re-designed to ensure that their design and implementation are geared towards these parameters.

This raised the following question: If the poorest 10 percent of ultra-poor and labour constrained benefit from the SCT and PWP (according to the MoLGRD) target the poor with labour capacity, is there any support for those not falling into these categories (such as the ultra-poor with labour or the labour-constrained poor)?

Stakeholders observed that various PWP implementers have different approaches to the implementation of PWP, including different objectives and implementation modalities. Programme implementation varies considerably with respect to the target group, wage rate, number of working days, and the length and timing of a work cycle.

Stakeholders recognized the need to harmonize the objectives and implementation of PWP programmes across implementers.

Despite recent policy changes at the national level, the question whether Malawi's PWP are primarily a tool of consumption smoothing through one-off short term PWP or are designed to build resilience and provide sustained support through long-term programmes is still not sufficiently resolved.

Stakeholders recognized that, despite significant investments into PWP in Malawi, graduation of beneficiaries out of poverty and food insecurity has not been achieved and a rethinking of the contribution of PWP to Malawi's social protection system was suggested.

It was further suggested, that there is a need to demonstrate the importance of long term PWP and repeat-targeting of beneficiaries as opposed to short-term programmes and closely follow the implementation of the MASAF IV PWP, which focuses on catchment management and repeated targeting of beneficial. If this approach is found to be successful and accepted by national and local-level stakeholders, other PWP should be aligned towards that approach.

It was further discussed that efforts should be increased to ensure that existing PWP and those PWP implemented in the future are designed to be able to respond to (food security) shocks. It was suggested that this could entail flexibility with respect to the caseload of beneficiaries (bringing more beneficiaries into the programme), the length and timing of work cycles, as well as the wage level, which could be adjusted during a crisis.

11.2. Impact of Public Works Programmes

Table 10. Summary of Public Works Programmes evidence discussed by stakeholders: Impact

Summary of Public Works Programmes evidence discussed by stakeholders: Impact	
Wages earned	Global evidence suggests that short-term PWP implemented in contexts of chronic poverty allow at best short-term consumption smoothing. At best they provide poverty alleviation but not poverty reduction. Promotive SP impacts are unlikely as asset accumulation rarely occurs due to the low wage levels, short employment durations, and lack of predictability. Small evidence base on programmes offering ongoing employment suggest that they may have more substantial and sustained impacts than short-term PWP. In line with global experiences, there are few signs of productive impacts in the context of short-term PWP in Malawi. No indications that short-term PWP strengthen the resilience of beneficiaries to withstand future shocks by building up savings during the PWP participation. Malawi is no exception in that respect. In Malawi, the only robust study found no evidence of improved food security for participants of MASAF III. In fact, negative spillovers were detected
Assets created	The main difference of PW and CT programmes is that PWP aim to benefit communities not only through the transfer paid but additionally through the assets created or service provided. Depending on the type of asset or service, the expectation is that they: generate direct or indirect income opportunities for communities, shield against the impact of shocks, such as floods and droughts, or improve the quality or access to social services. Little is known to what extent and under which conditions these assumed benefits actually materialise. The limited evidence is largely based on anecdotal evidence and community perceptions gathered shortly after programme completion.
Skills developed	Positive impacts through the skills vector manifest themselves in the form of improved market-based employment prospects or in the form of a sustained increase in income from entrepreneurial activities or on their own farms where new skills are applied. Three main channels of skills acquisition: Learning-by-doing through regular PW activities, on-the-job training linked to regular PW activities and complementary training.

Caveat: Opportunity costs of participating in PWP: Each MK transferred to a beneficiary does not necessarily increase total household income by the same amount as the real transfer value depends on the opportunity costs of participating in a PWP.

- Foregone income if participants reduce other income-generating activities. Global evidence is mixed. The only rigorous evaluation of a PWP in Malawi detected no evidence of labour displacement even though the programme was implemented during the farming season
- Reduction in subsistence activities if the immediate income through the PW wage reduces the attractiveness of deferred income through farming. In Malawi, such conflicts were observed under MASAF III after an extra employment cycle was offered during the farming season
- Participation has direct costs, e.g., for transport or for the use of one's own tools. Under MASAF III, workers complained about having to use their own hoes, etc.

Key questions on the impact of PWP

- **PWP participation has significant opportunity costs:** How can PWP be designed to avoid or minimize opportunity costs?
- **MASAF III evaluation found no impact on food security:** How is this possible and how can PWP be designed to increase food security?
- **Assets created are often of inadequate quality:** How can the quality of assets be improved without significant sacrifices in coverage or the ratio of wages to other costs?
- **Participation in MASAF III increased the likelihood of receiving FISP coupons but not the use of fertiliser:** How can this be explained and how could PWP beneficiaries improve their agricultural productivity?
- **Skills development:** Can and should skills development be put at the centre of PWP?
- **Cost-benefit:** Once opportunity costs, the cost of skills creation and quality asset creation are factor in what is the cost-benefit assessment of PWs compared to other social protection instruments?

Stakeholders recognized that in the past inadequate attention has been paid towards the maintenance of community-owned infrastructure, which could limit the cost-effectiveness of PWP. Stakeholders agreed that PWP or will only be cost-effective if skills are transferred and/or high-quality assets are build. The group further discussed that lack of maintenance could indicate that communities do not adequately value the assets build by PWP. An alternative explanation suggested that communities do not receive enough support to maintain assets.

Concluding the discussion on asset maintenance, the group suggested that going forward a greater emphasis should be placed on the upkeep of community-owned assets. To address the potential under-valuation of assets by communities, stakeholders stressed the need to involve communities in the selection and design of asset to be build.

The plenary recognized that currently there is a limited focus on skills development and training in Malawi's PWP. It was recommended to strengthen this component of PWP and develop a set of skills training that could support an increase of resilience, (agricultural) productivity, as well as employability.

The group acknowledged that participation in PWP has, to our knowledge, no impact on food security (LDF evaluation). Stakeholders suggested that the impact on food security by PWP could be improved by focusing on generating and maintaining assets that have direct impacts on individual or community resilience and food security (irrigation, fish ponds, etc.) rather than building assets that are, in the long-run, expected to have positive impacts on local economies (roads, bridges, etc.).

It was recognized that, to our knowledge, there has not been much graduation under PWP and while they enjoy considerable Government support, donors may not continue to fund a programme that framed as a graduation programme but fails to graduate people in line with its objectives. Stakeholders suggested that a) efforts need to be made to increase the evidence base on PWP impact in Malawi and b) develop a strategy that could support graduation of PWP.

11.3. Effectiveness of Public Works Programmes

Table 11. Summary of Public Works Programmes evidence discussed by stakeholders: Effectiveness

Summary of Public Works Programmes evidence discussed by stakeholders: Effectiveness	
Low transfer value	The self-selection targeting approach requires a wage rate below the market wage for unskilled labour, which result in very low transfer to participants, especially when taking into account opportunity costs
Limited number of working days	PWP only provide employment for a limited number of days per year and repeat targeting is rare, resulting in low and unpredictable transfers
Inadequate asset maintenance	Impact and cost-effectiveness of PWP rests on the quality of assets. Yet, limited attention and resources is currently directed at asset maintenance
Low cost effectiveness	Notwithstanding methodological limitations and variations in programme cost, it is clear that the cost per dollar transferred to beneficiaries is substantially higher in PWP than in CT
Community ownership	Reported tension between need for community ownership and 'elite capture' of implementation decisions

Key questions on the effectiveness of PWP

- **Self-targeting leads to low transfer values:** Are there reforms that could ensure effective targeting and meaningful transfers? Could targeting be more closely linked with the one adopted by SCT?
- Could mobility across PW and SCT be incentivized in accordance to changing household / individual circumstance?
- **Short-term PWP have shown limited impacts in contexts of chronic poverty:** How can PWP be designed to be a long-term, predictable source of income?
- Could transfer value be calculated in relation to household needs (size) in such a way better performing a social protection function?
- **Repeat targeting has shown some promise with respect to households impacts:** How can community resistance to repeat targeting be addressed?
- **Inadequate asset maintenance and community ownership:** How can assessment maintenance and sustainability be ensured?
- **PWP everywhere have high non-transfer costs:** Is there way that would ensure quality assets, significant coverage, and high transfer to total cost ratios?

Stakeholder discussion

Stakeholders discussed that currently PWP do not have strong linkages to complementary programmes, such as Village Savings and Loans (VSL) programmes, or services in the areas of health, education, and agricultural advice. It was proposed that PWP should increasingly focus on facilitating linkages of beneficiaries to relevant programmes and services. It was suggested that work meetings could be used to link beneficiaries to complementary services, as well as attempt to convey behavioral change messages.

Stakeholders suggested that there is a need to rethink the current targeting mechanism, which is based on self-targeting at the low wage rate. Self-selection methods, especially in context of high underemployment and unemployment, require by design a low wage rate to attract only those workers/beneficiaries with little other income generating opportunities. Stakeholders suggested that given Malawi's well-observed slack in the labour market, even low wage rates can be expected attract non-poor workers.

The challenge with self-targeting for PWP in Malawi lies in the trade-off between the need, from a social protection perspective, to have a meaningful wage to support the building of household assets and the requirement to keep the wage low enough not to attract "non-poor workers" (inclusion error).

The plenary suggested to study alternative beneficiary selection mechanisms that can effectively target the poor and ultra-poor with labour capacity while at the same time providing a meaningful transfer/wage. In theory, the LDF PWP should not exclusively employ self-targeting but rather select potential beneficiaries via community targeting. However, this does not seem to be followed in reality. The group suggested that strengthening community targeting mechanisms – potentially moving towards a variation of the SCT’s targeting methodology – could allow the wage rate to be raised with less concern about a high wage rate driving high inclusion errors.

One observed challenge was the alleged opposition of the MoLYMD towards higher wage rates for PWP beneficiaries. PWP implementers suggested that the MoLYMD is concerned that higher wages of PWP would make it difficult for coffee and tea plantations to attract labour. Nonetheless, stakeholders propose to find ways to make the transfer more meaningful.

11.4. Efficiency of Public Works Programmes

Table 12. Summary of Public Works Programmes evidence discussed by stakeholders: Efficiency

Summary of Public Works Programmes evidence discussed by stakeholders: Efficiency	
Targeting challenges	Malawi’s labour market is characterised by a significant surplus in unskilled labour, which makes self-selection, even at or below the minimum wage, prone to ‘inclusion errors’
Cost-benefit analysis	No clear documentation of cost-to-transfer ratios and lack of evidence on cost-benefit analysis of alternative Social Protection instruments.
Implementation trade-off	There is seems to be a trade-off between coverage, the ratio of wages to non-wage costs, and the quality of assets created. The requirement to budget high non-labour costs to ensure quality assets results in a limited percentage of funding going towards wages and constricts coverage. This trade-off reduces the ‘value’ of PWP as a social protection instruments and limits the impact and coverage of systems that rely heavily on PWP.
Coordination	Limited coordination and harmonization of PWP in Malawi (differences in approaches, objectives, transfer levels), despite significant district overlap

Key questions on the efficiency of PWP

- **Self-targeting challenges:** Targeting the ultra-poor and poor purely based on a self-targeting mechanism can lead to inefficient outcomes in environments with significant slack in the labour market.
- Are there ways to ensure efficient targeting mechanism as well as the provision of a meaningful wage?
- **Requirement of quality assets and high wage-to-other-costs ratios may present a trade-off and limit programme coverage:** How can PWP programmes provide quality assets, improve skills, transfer a meaningful wage, and have a large coverage?
- Is PW the most cost-effective instrument to reach the vast majority of poor household that are not labour constrained (hence not covered under SCT)? Can it efficiently run at large scale?

It was acknowledged that the limited and fragmented MIS and M&E systems, as well as the reliance on paper records, present a challenge for efficient and effective implementation of PWP. One frequently mentioned example of resulting programme management failures were persistence of ‘ghost workers’.

The group recommended all PWP to make use of the Mthandizi PWP MIS, which is currently being developed by the LDF.

Cost- effectiveness was briefly discussed. It was suggested that the main challenge with respect to PWP’s cost-effectiveness is the trade-off between the significant planning and managerial efforts required to achieve high-quality assets, which are key in achieving value for money, and the need to expand coverage. No solutions were suggested to overcome this challenge but it was recognized that this trade-off places constraints on PWP’s ability to expand coverage in line with need for social support in Malawi.

11.5. Institutional capacity of Public Works Programmes

Table 13. Summary of Public Works Programmes evidence discussed by stakeholders: Institutional capacity

Summary of Public Works Programmes evidence discussed by stakeholders: Institutional capacity	
Leadership and management	Inadequate leadership and management competences (strategic, project and change management) at national level, as well as management instability and continuity. Inappropriate political behaviour (influence, compromised commitment and ownership) at district and community level, as well as management instability and continuity and inadequate leadership and project management competences.
Policy, strategy and legislation	Limited awareness, access and knowledge of relevant developmental instruments at national, district and community level. Absence of sub-program strategic plans; fragmented operational guidelines. Persistent misconceptions, absence of orientation and a simplified messages of the MNSSP mainly the district and community level.
Institutional framework and coordination mechanisms	Ineffective institutional and coordinating mechanisms due too inadequate understanding of roles and responsibilities, ineffective communication processes, high membership turnover, absence of policy planning and review dialogue forum at all levels. Competing and conflicting functional roles and responsibilities and misconceptions at the district and community levels.
Human resources	Inadequate staffing levels and work overloads due to vacancies for various reasons; inadequate knowledge in project management; absence of HRD strategy at all levels.
Information systems and technology	Fragmented data management systems among implementers; inadequate computer literacy, lack of orientation and refresher programmes for technical staff at all level. Also, slow progress in development of Mthandizi MIS, unreliable internet connectivity, reliance on manual records and untimely reporting.
Physical resources	Inadequate physical resources for coordinating structures and delays in procurement and maintenance processes at national level. Lack of regular equipment maintenance, multiple users of same resources, inadequate implements (picks, shovels, hoes, etc.) at district and community level.
Programme management	Absence of joint planning and review forum, absence of integrated work plans by partners at national level. Political influence in allocation and diversion of resources to road works at the expense of other public works, ineffective stakeholder management, fragmented M&E at district and community level.

Key questions on the institutional capacity of PWP

- **Management capacity:** How can institutional communication, coordination and collaboration mechanisms be strengthened?
- **Inadequate staffing levels:** How can staffing levels be improved? How can the turnover of senior leadership and managers be reduced?
- **Operational support infrastructure:** What is the necessary investment cost of putting in place adequate operational support infrastructure is in place
- **Fragmented implementation systems:** There is a need to increase Government ownership over PWP and streamline implementation systems with a clear Government-led management structure

Stakeholders suggested that there is inadequate district-level capacity for the implementation of PWP. LDF employs staff the at district level and provides resources. However, the MoLGRD currently lacks adequate staff and resources at the district level to provide operational support.

Lack of staff was not only observed at the district level but throughout the Government. Currently the MoLGRD is unable to adequately provide vital support functions, such as monitoring and evaluation.

Stakeholders observed a need to elaborate programme implementation structures at national and district level. While there seems to be strong policy support for PWP from the Government, this has not been translate into clear and harmonized implementation structures.

Stakeholders observed that varying programme implementation are currently not causing too much confusion as the LDF PWP is by far the largest programme and is effectively considered to represent the Government’s approach to PWP.

In the future, however, with the expected growth of non-LDF PWP, such as WFP’s FFA and the EU’s RRIMP, it will become increasingly important to harmonize PWP implementation and develop guidelines valid for all programmes, which should be implemented under clear Government leadership.

11.6. Sustainability of Public Works Programmes

Table 14. Summary of Public Works Programmes evidence discussed by stakeholders: Sustainability

Summary of Public Works Programmes evidence discussed by stakeholders: Sustainability	
Donor funding	Current levels of donor funding raise financial sustainability concerns. Overall Government contribution to PWP is relatively low, leaving the programmes vulnerable to changes in donor priorities. Low Government funding levels affect implementation of activities and raises the question of programme ownership
Government ownership	Limited Government ownership leads to a fragmented system. Multiple similar and competing programmes can result in shifting priorities of DP resources, with inconsistent approaches, widespread misunderstandings and inadequate support infrastructure
Skills development	Higher investment in productivity and employability enhancement, as well as asset quality is needed. This may imply a reduction in coverage (given budget constraints), as well as a re-focus on some categories of workers, with more potential for increases in employability.
Otherwise, if the focus is on rolling out a large scale safety net, the same social protection objective may be reached with more cost-effective (hence financially sustainable) social protection instruments.	

Key questions on the sustainability of PWP

- **Limited Government ownership:** Will the Government take on greater ownership of the programme?
- **Limited financial sustainability:** Are there any reforms that could make the programme more financially sustainable / attractive to Government?
- Are PWs the more cost-effective model to achieve social protection coverage at scale?
- How do political economy considerations play into this?
- **Donor contributions:** How to devise an effective strategy for donors to gradually reduce their contribution to the programme in relative terms

Stakeholders argued that PWP programmes, compared to other MNSSP programmes, enjoy considerable levels of support from Government and high levels of Government ownership. The Government financial contribution of about 20 percent (to the LDF PWP) was seen as a strong signifier of Government ownership and is considerably higher than contributions to other MNSSP programmes. The fact that the LDF, seen as a quasi-governmental institution, is implementing about 90 percent of PWP was further taken as an indicator of Government ownership.

While PWP benefit from considerable Government support, it was argued that donors may not continue to fund a programme that framed as a graduation programme but does not focus adequately on graduation and has limited evidence of graduation to show.

Stakeholders suggested that efforts need to be made to increase the evidence base on PWP impact in Malawi and also develop a detailed strategy that could support graduation of PWP beneficiaries.

11.7. Stakeholder recommendations

The following recommendations were made to strengthen the relevance, impact, effectiveness, efficiency, institutional capacity, and sustainability of Public Works Programmes.

Relevance

- 1) **Develop a clear definition of PWP objectives, expected outcomes, and programme design:** PWP implementation suffers from unclear objectives, expected outcomes, and programme design. Based on clarified objectives and expected outcomes, PWP programmes should be re-designed to ensure that their design and implementation are geared towards these parameters.
- 2) **Define eligibility criteria and target group:** There is a need to define the eligibility criteria and target group of PWP within a comprehensive analysis of social support provided to Malawi's poor and ultra-poor.
- 3) **Harmonize the objectives and design parameters of PWP across implementers and ensure consistency:** PWP implementation should be based on common definitions of target groups, length of employment, and wage rates.
- 4) **PWP to provide sustained support:** Ensure that PWP provide sustained support to beneficiaries through long-term programmes and repeat-targeting of beneficiaries.
- 5) **Develop a robust evidence base for long-term PWP:** Evaluate the implementation of repeat targeting under the LDF PWP.
- 6) **Strengthen the capacity of PWP to respond to shocks:** Develop a concept of how PWP could be designed to be more shock-responsive. Consider the feasibility of both vertical and horizontal expansion.
 - a. **Vertical expansion:** A solution suggested by the group was to ensure that there is flexibility with respect to working time (increase the number of working days – as it currently is done under LDF) and payment of wages (possibility to increase wages) in response to shocks.
 - b. **Horizontal expansion:** Another possibility would be to increase the caseload of PWP in a crisis by adding new beneficiaries, if only for a short period.

Impact

- 1) **Develop a strategy to ensure maintenance of community assets:** Focus on increased community valuation of assets and strengthen community involvement in the selection and design of assets to be build.
- 2) **Increase focus on skills development:** Strengthen skills development components of PWP and develop a set of skills training curriculum that could support an increase of resilience, (agricultural) productivity, as well as employability.
- 3) **Increase focus on food security:** Focus on generating and maintaining assets that have direct impacts on individual or community resilience and food security (irrigation, fish ponds, etc.) rather than building assets that are, in the long-run, expected to have positive impacts on local economies.
- 4) **Develop a robust evidence base on PWP in Malawi:** Increase efforts to develop a sound evidence base on the impact and cost-effectiveness of PWP in Malawi.

Effectiveness

- 1) **Strengthen linkages of PWP beneficiaries to complementary services:** Develop a set of services and programmes beneficiaries could be linked to and develop a systematic referral system.
- 2) **Provide meaningful transfers:** Study alternative beneficiary selection mechanisms that can effectively target the poor and ultra-poor with labour capacity while at the same time providing a meaningful transfers.
- 3) **Strengthen community targeting:** Develop a strategy to strengthening community targeting mechanisms – potentially moving towards a variation of the SCT's targeting methodology – that could allow the wage rate to be raised with less concern about it driving high inclusion errors.

Efficiency

- 1) **Strengthen information management systems and accountability:** Ensure more efficient programme management and reporting through the adoption of the Mthandizi PWP MIS for all PWP.

Institutional capacity

- 1) **Strengthen human resource development:** Develop a human resource strategy for PWP implementers, in particular for the MoLGRD to ensure higher staffing levels and appropriate human resource development mechanisms.
- 2) **Harmonization of implementation modalities:** Develop implementation guidelines applied to all PWP, including provisions on targeting, wages, and institutional arrangements.

Sustainability

- 1) **Conceptualize graduation from PWP:** Stakeholders suggested to increase the evidence base on PWP impacts in Malawi, as well as to develop a strategy that would support graduation of beneficiaries.

12. Review of School Feeding Programmes

This section summarizes key discussion points and recommendations made at the MNSSP Review workshop on School Meals Programmes, held at Crossroads hotel on the 2nd of June 2016 in Lilongwe.

The purpose of the workshop was to evaluate the progress made by School Meals Programmes against the MNSSP results matrix and facilitate a critical discussion amongst programme implementers on the relevance, effectiveness, efficiency, institutional capacity, and sustainability of micro-finance programmes under the MNSSP.

Summary of key challenges of School Meals Programmes

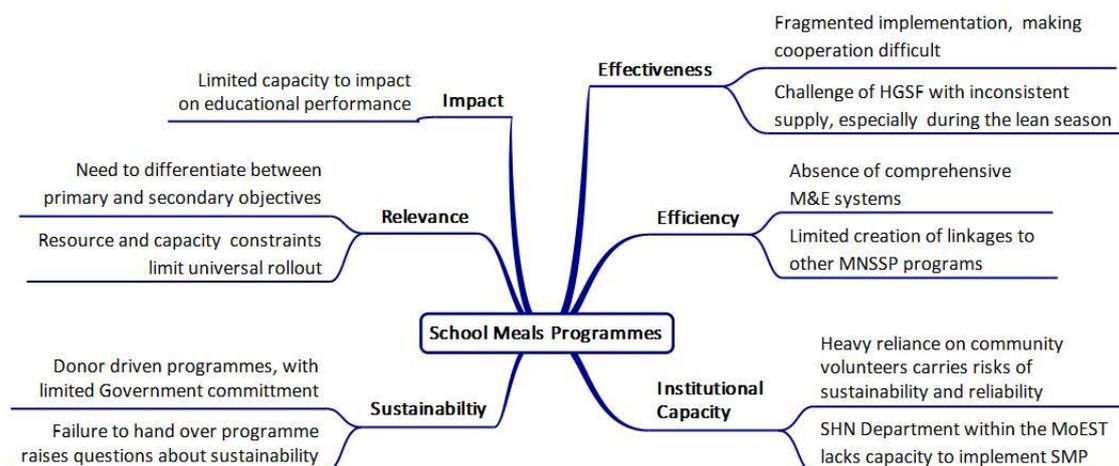


Figure 9. Summary of key challenges of School Meals Programmes

Traffic Light Evaluation of School Meals Programmes: Outcomes and outputs

Stakeholders were asked to study the MNSSP results matrix as completed by the MoEST and evaluate whether the MoEST's completion of the matrix accurately reflects the implementation of SMP. In addition, stakeholders were asked to offer their own assessment of the progress made in relation to the results matrix.

Summary of key outcomes and outputs of School Meals Programmes



Figure 10. Summary of key outcomes and outputs of School Meals Programmes

Table 15. Strategic outcomes for School Meals Programmes

Strategic outcomes for School Meals Programmes							
Outcome	Indicator	Baseline	Source	2016	Actual	Source	Stakeholder comments:
1. Reduce and prevent malnutrition	Stunted	30%	National Nutrition Policy and Strategic Plan NESP	20%	42.4%	MDGs End line Survey, 2014	<p>The Malawi Demographics and Household Survey done in 2016 will provide more recent statistics but it is not yet out</p> <p>The 42% end-line value is for below five-year-old children only, which is inappropriate for the SMP, since that is not its target audience.</p> <p>Looking at the figures provided, the situation seems to have worsened. It was noted that the contribution of SMP to malnutrition is not clearly conceptualized. It was also argued that reductions in malnutrition are not achieved by one programme alone, but rather through multi-sectoral interventions. The question how much of it could be causally attributed to the SMP needs to be answered. Community-based child-care centres (CBCCs) also get feeding programs. They cater to, for example, three-year olds. At that age, the damage done by stunting may not be reversed, but certainly halted. SMP, however, which cater to children of seven or eight years, reducing stunting is impossible, so the indicator may be reconsidered.</p> <p>It was noted that the indicator is not limited to stunting. It is about malnutrition. While stunting may be an inappropriate indicator, other aspects of malnutrition are reduced by the SMP. Stunting after the age of two is irreversible but being underweight or anaemic should be kept as a yardstick to measure the SMPs progress.</p> <p>The baseline was done in 2006. There is no recent comprehensive study on malnutrition in schoolchildren. That is direly needed. The targeted age group needs to be assessed with an eye towards nutrition and other question relevant to the SMP.</p>
	Underweight	18%		<10%	16.7%	MES, 2014	
	Anaemic	54%		34%			
2. School performance of vulnerable children improved	Dropout	14.3%		5%	14.6%	EMIS, 2015	From experience, stakeholders confirmed that SMP have indeed a string impacts on dropout rates. Globally, retention and absenteeism have been shown to be impacted by SMP, but this has often limited impacts on educational outcomes.
	Repetition	18%		5%	19.1%		
	Promotion	68%		90%	85%		
4. Vulnerable learners complete Std. 8	Std. 8 survival rates	29.7%		60%	75.8%	MES, 2014	

Strategic outputs for School Meals Programmes							
Outputs	Indicator	Baseline	Source	Target	2016	Source	Comments
Develop sustainable funding mechanism	Proportion of total budget required funded	11.3%	MoE SWAP, MoF	100%			Not met
	Proportion of disbursed funds utilised						Partially met
Support schools to develop infrastructure needed to deliver TSSMP	No. of targeted schools fully equipped as per the SHN guidelines	18.6%	MoE	100%			
Develop linkages between TSSMP and relevant sectors e.g. SCT, SHN, OVC, Gender, Agriculture, Health	% of eligible of schools benefiting from other sectors	TBC	MoE, MoGCC D	TBC			Performed poorly on linkages
	% of eligible OVC learners benefiting from other sector services						Implementers focus on linkages, since certain construction tasks (such as boreholes or kitchen facilities) are usually necessary. This has proven to be quite effective. But implementers experience that linkages did not exist when they started the program. For example, PWP workers could not be recruited easily. Cooperation is already good at the higher (national) level, but gets worse as you get closer to the field. Ministries should tell their extension workers to focus on linkages.
Improve Nutrient Content of the meal	Level of protein, fat and micronutrient in the food served	15g protein, 350Kcal/meal	MoE, WFP, Mary's Meals	1/3 of daily reference intake by age group?			Implementers use different standards. A Best Practice Guidelines consultancy under way to provide solutions Implementers are experimenting with different portion sizes. Financial constraints create a trade-off between outreach/extent of the SMP and the food provided to each student. Implementers are also still experimenting with the meal composition. The government should provide minimal standards.
Promote community ownership and sustainable community contribution	% of targeted schools with well-functioning food committees	18.6%	MoE M&E reports	100%			Some have functioning committees, others do not
Strengthen Management Capacity for TSSMP	% of needed posts filled	TBC	MoE quart. reports	All posts that are needed			Current class sizes are too large, which suggest a lack of capacity on part of the government to manage the SMP. The teacher strike also looks bad. It seems that the government lacks personnel.
	% of staff who have the requisite knowledge and skills			Created and filled with approp. qualified and skilled people			The Ministry of Education's SHN department is in need of support, both in terms of human resources and other input. The Ministry should designate two central people for managing the SMP. There is also a need for support in terms of capacity. Every single program in the country has an impact on education. Yet even at the district levels, there are no nutritionists, for example. A unit devoted to running the SMP would be great.
	%age of staff who have adequate logistical and office equipment	TBC	MoE quart. reports	All staff in post adequat. equipped			Using the existing capacity might be more practicable. Expertise is available all the way down to the grassroots, people there just need to coordinate better.

12.1. Relevance of School Meals Programmes

What are School Meals Programmes?

- Features of school meals programmes (SMP) differ across and within countries. However, programmes are often classified by two main types of feeding modalities:
 - **In-school feeding:** Primary school students receive food in school for immediate consumption, either a prepared on-site meal or a high-energy snack
 - **Take-home rations (THR):** Primary school students receive food rations to take home and share with their families, usually on a monthly basis
- Three procurement models are relevant for Malawi:
 - **Centralised procurement:** Providers centrally buy the food and distribute it to schools
 - **Grants:** Schools receive grants to purchase the food they need
 - **Community production:** Communities allocate land and resources which is used to grow food

Malawi has several SMP providers with different feeding and procurement modalities. The main providers are the World Food Programme, Mary's Meals, and the Government of Malawi. WFP and Mary's Meals used to implement SM exclusively based on a centralised procurement model but have recently begun experimenting with alternatives. Both WFP and Mary's Meals serve a fortified corn-soya porridge (*Likuni Phala*) to all children in targeted schools. During the lean season WFP additionally provides a monthly THR of maize to girls and orphan boys in standards 5 to 8 on condition that they attend 80% of school days.

Government implements decentralised SM in selected schools, mainly through the community production and the grants model in special cases. Further, a number of NGOs and CSOs provide SMP in Malawi and recently stakeholders have begun piloting innovative SMP, such as Home Grown School Feeding (HGSF).

What are the objectives of School Meals Programmes?

Malawi's SMP has multiple objectives, with different prioritisations amongst implementers and approaches. Generally speaking the aim is to increase school participation, whilst improving pupil's ability to concentrate, nutritional status and food security. SMP are further expected to contribute to improved health, cognitive development and school performance of children.

Through local procurement models some providers also focus on generating positive economic impacts for farmers and adjacent communities. Such approaches adds a promotion of local agriculture function to SMP. Other implementers, especially NAPE, emphasise the objective of improving nutrition education.

Table 16. Summary of School Meals Programmes evidence discussed by stakeholders: Relevance

Summary of School Meals Programmes evidence discussed by stakeholders: Relevance	
School participation	Malawi's education system is characterized by infrequent attendance and high drop-out rates, especially in the transition towards secondary school. Girls are particularly vulnerable due to limited value placed on girls' education. There seems to be a need to incentivize enrolment and attendance.
School attendance	Low attendance and strong seasonality based on the agricultural cycle
Ability to concentrate	Given the widespread and chronic poverty, many children are constantly hungry, especially during the lean season. This can result in difficulties paying attention in class.
Nutritional status and food security	Large sections of Malawi's population are chronically food insecure and malnourishment is widespread amongst children. Regular and nutritious SM could improve the nutritional status of children and contribute towards food security for enrolled children and households.
Local economic growth	Recent innovations in SMP have led to programmes sourcing food locally to support the local agricultural economy.

Key questions on the relevance of SMP

- **Multiple objectives:** Is multiplicity in objectives pulling the school feeding model in too many directions?
 - What should be the primary objective of school feeding given the age of beneficiaries?
- **School participation:** Are SMP an appropriate response to low enrolment and attendance?
 - Do different feeding modalities have different impacts on enrolment and attendance?
 - Is enrolment or attendance the greater challenges? Should SMP be focussed on one?
 - Is the absence of school meals at higher grades (e.g. secondary) a significant reason of dropout?
- **Targeted or universal provision:** Should SMP be provided to all children around the year or targeted based on vulnerability?
- **Nutritional status:** Are SMP relevant interventions with respect to improving the nutritional status of children?
 - Does the school-based nature of SMP preclude impacts on nutritional outcomes?
 - How can school-feeding contribute to addressing chronic malnutrition vis-a-vis acute malnutrition?
- **Food security:** Are SMP capable of addressing food insecurity given the limited in-kind transfer only to children?

Stakeholders started by discussing the objectives of the SMP and in how far current implementation modalities respond to the objectives. In particular, stakeholders debated how, if at all, SMP can effectively work towards the various objectives of SMP, which include educational outcomes, such as enrolment, participation, and retention, but also food security and improved nutritional outcomes.

A number of stakeholders suggested SMP may be more impactful if it would have a clearly defined primary objective, which the programmes should be able to directly affect. Enrolment, attendance, and educational performance were suggested as the primary objectives. It was argued that additional impacts, for instance on nutrition, should be seen as positive side effects or secondary objectives rather than primary objectives against which SMP should be evaluated. Some disagreed and presented global evidence that suggests that healthy students are in a much better position to learn. Even if the objectives were purely focused on educational outcomes, it was claimed that only through nutritional improvement can SMP reach its educational goals.

Eventually it was agreed that, while primary and secondary objectives should be differentiated, SMP can have multiple objectives. The primary objective should be educational (enrolment, attendance, and performance), and health and nutrition outcomes would be secondary objectives.

It was stressed that SMP can be designed based on specific contexts. For instance, educational objectives should be universally applied, whereas nutritional objectives could be tailored to specific geographic context (i.e. a given SMP should address the health issues most common amongst the school's students).

With respect to the question whether SMP could be targeted based on geographic or seasonal vulnerability indicators, stakeholders referred to a 2007 Government directive, which stated that the program should be universal in coverage. In particular, all primary schools should be covered. However, it was recognized that resource scarcity and capacity constraints limit the rollout. Nonetheless, the objectives is still universal rollout.

12.2. Impact of School Meals Programmes

Table 17. Summary of School Meals Programmes evidence discussed by stakeholders: Impact

Summary of School Meals Programmes evidence discussed by stakeholders: Impact	
Lack of evidence	There is a lack of rigorous evidence on the impact of different modalities of SMP in Malawi.
Hunger alleviation	Most immediate effect of in-school feeding is the short-term alleviation of hunger. International and Malawian evidence suggests SM are effective in alleviating hunger
Energy consumption	Global evidence suggests total energy consumption of children in SMP schools increases compared to children without SMP. In Malawi, Mary's Meals' evaluation suggests that children are more energetic as a result of SMP.
Micronutrient levels	Global evidence suggests that fortified SMP can mitigate some micronutrient deficiencies. Impacts tend to be are larger for children with large initial deficiencies and SMP cannot remedy damage caused by early childhood deficiencies. In Malawi, no study has yet investigated the impacts of SMP on micronutrient levels.
Anthropometric measures	Global evidence suggests that children receiving in-school feeding do not consistently improve their anthropometric measures. However, SMP have limited impacts on measures that are largely determined in the first two years. If at all, positive impacts usually found for weight rather than height. Only study in Malawi found a significant impact on catch-up growth in lean muscle mass but not on height or weight related indicators.
Health	International studies of SMP with high-nutrition snacks found positive health impacts beyond improved nutrition, e.g. reduced anaemia, morbidity and illness. Mary's Meals' evaluation found improved children's health, with fewer children falling ill due to hunger.
School attendance	Global evidence suggests that children in schools with a SMP spend more time in school than children without SMP. Impacts on participation are often larger for girls, if baseline participation levels are low, if in-school feeding is combined with a THR, and if THR are targeted at girls. One WFP study in SSA estimated that SMP on average increases enrolment by 10%. Mary's Meals' evaluation found evidence of substantial increases in enrolment and attendance.
School progression	Global evidence of impacts on school progression indicators, such as dropout, grade progression, highest grade achieved, and completion is limited and inconclusive..
School performance	Educational performance is commonly measured through test results or tests of cognitive abilities. Globally, evidence for educational performance is inconclusive. Some studies found evidence of positive impacts on cognitive abilities but there is no consistency within test categories or across countries.
Ability to concentrate and learn	Malawian studies of on-site meals find evidence of improvements in short-term ability to concentrate. In Mary's Meals' evaluation, teachers and students report improved grades.. Children in WFP SMP schools show statistically significant improvements for reversal learning but not for other outcomes.

Key questions on the impact of SMP

- **Impact:** Improve the quality of evidence on impacts setting up a rigorous impact evaluation?
- **Impact on short-term hunger alleviation:** Is this enough? Are there ways for SM to more long-lasting impacts on hunger?
- **Limited impact on anthropometric measures:** What are implications?
- **Limited impact on micronutrient levels:** Should all of Malawi's SM be fortified to address micronutrient deficiencies?
- **Impact on health:** Are there any complementary measures that could further increase the impact of SM on health outcomes?
- **Impact on enrolment highest when combined with THR and targeted at girls:** Should SM increase its focus on girls and increase the use of THR?
- **Limited evidence of impact on school progression:** Is there a way SM could support school performance beyond reducing drop-out levels?
 - Is this beyond the scope of SM and a problem relating to the quality of education?
- **Limited evidence of positive impacts on performance:** Are there ways to increase impacts?

A number of studies in Malawi have shown that take-home-rations (THR) are effective in motivating households to keep their kids, in particular girls, in school. These transfers are especially helpful during the lean period.

Given the positive evidence of THR, stakeholders discussed why only one implementer (WFP) is implementing them. THR are an additional transfer to the household, targeted and conditional. Under WFP's programme they are aimed at upper-class girls and orphans boys who meet minimum attendance requirements. The THR is supposed to improve household food security and provide additional incentives not to drop out of school. In higher grades, and especially for girls, there is considerable pressure on students to leave school, earn an income and get married.

Mary's Meals confirmed that the NGO is planning to introduce some THR as well, which will be targeted towards vulnerable households.

Stakeholders discussed what the primary objective of THR are, and especially the focus on girls. If the goal of THR is to ensure that older girls remain in school, it was argued, THR may not be the most effective intervention there are many reasons why girls drop out of school. Some, but not all of them, sanitation-related. It was suggested that cash transfers might be more useful to address these issues, since money is more fungible. In some districts, THR are not provided in-kind but instead paid out as a cash equivalent. This gives household more options as to how to use the transfer. Regardless of cash or in-kind transfers being used, it was argued that THR, by reducing a household's food needs, should free up resources that would enable girls to remain in school.

It was noted that cultural factors also play role in girls dropping-out but that this was beyond the capacity of SMP to address.

Throughout the workshop it was stated that SMP should be careful not to seem to take away parents' responsibility for making sure that kids go to school and are adequately fed.

The discussion frequently turned towards the question whether SMP should be expected to have an impact on educational performance indicators (beyond enrolment and attendance). It was argued that a number of different factors feed into the education production function, for example the infrastructure available or the quality of teaching. It was stated that it is the job of SMP is to get children into class. What parents do, what teachers do, whether there are any teachers present in the first place, or whether there is even a school, was not seen as the responsibility of SMP.

It was often stated that it is not SMP job to improve the quality of education. However, for SMP to live up to current expectations, attendance is not enough and improvements to educational outcomes of students are needed.

Stakeholders recognized the challenge that SMP can be effective in improving enrolment and attendance but, without improvements in Malawi's education sector, these impacts will unlikely lead to improvements in education outcomes.

A major challenge of discussing the various SMP implementation models is the lack of research and data, which is the result of the absence of comprehensive and unified M&E system. The development of a harmonized M&E system for the SMP sector was suggested to be a priority.

It was further suggested that, given the limited resources available, the focus of future research should also be on the timing of SMP and when the SMP are most effective. For example it would be interesting to know whether SMP are especially impactful during the lean period.

Generally speaking, stakeholders expressed frustration with the fragmented programming of SMP. It was claimed that had SMP been implemented in a more coordinated manner, the impacts would have been larger. Development partners and the Government implement SMP very differently and even amongst DPs there is considerable variation, which makes cooperation difficult. A more harmonized and coordinated sector was seen by many as a prerequisite for more impactful implementation.

12.3. Effectiveness of School Meals Programmes

Due to the considerable differences in the three main SMP models, each will be discussed separately.

Centralised School Meals Programmes: Corn-Soya Blend Model

This is the 'traditional' and, by far, the most widespread SMP modality. Under this model, a Corn-Soya Blend is centrally procured, mainly by Mary's Meals and WFP, and then transported to participating schools, where community members, on a voluntary basis (Mary's Meals has 65,000 volunteers) prepare the porridge. In addition, implementers often provide utensils, kitchens, and training.

Decentralized School Meals Programmes: Cooperative Local Food Procurement

Under this model, schools received a budget to produce food from local suppliers. Schools further received training on dietary diversity, budgeting, and planning.

Decentralized School Meals Programmes: Community Based, Inputs-Only (Government model)

The Government's approach to SMP is currently being piloted in Mchinji and involves a partnership with the Local Development Fund's Public Works Programme (PWP). Under this model, land is set aside for schools to grow food for school meals. The Government provides inputs (e.g. seeds and fertilizer) and communities grow crops, which are used to feed the school. This can be maize but complementary crops, such as cassava, are also encouraged. Through the PWP partnership, schools are equipped with three facilities: a garden, an orchard and a wood lot. Schools take grow different crops and use them differently. Some schools sell a proportion of the vegetables and then buy ingredients such as sugar or cooking oil. Others grow cash crops and sell them, using the proceeds to buy food for the meals. Under this model, the provision of meals is not always year-round.

Table 18. Summary of School Meals Programmes evidence discussed by stakeholders: Effectiveness

Summary of School Meals Programmes evidence discussed by stakeholders: Effectiveness	
<i>A “service delivery” perspective</i>	
Limited coverage	School feeding is not implemented nationwide. While there are districts especially in the Southern and Central regions where more than one implementer operates, there many districts without any activities. In 2014 about 25 percent of primary school children received SMP.
Cost-effectiveness	Limited evidence, data and comparability across countries and models. With USD 59 PPP per child per year, Malawi’s SM are the second most expensive in a comparative study of WFP SM in Africa, above the average of USD 40. Commodities make up 50% of total costs.
Regularity and predictability	Unreliable provision of SMP potentially harmful, especially in the presence of substitution effects. Mary’s Meals feeding rate is 93% according to its 2016 evaluation.
Home grown school feeding	Challenges with respect to the regular supply of large quantities of diverse food and community support. Improvements in the model being made in Zambia to ensure more steady supply of locally procured food.
Feeding modality	Choice of the feeding modality is a crucial design feature with different advantages and disadvantages. Choice depends on the prioritized objectives, the budget, transportation costs, availability of food, seasonality, community capacity, and local food preferences.

Key questions on the effectiveness of SMP

- **Cost-effectiveness:** Is SM the most-cost effective policy to improve enrolment, attendance, and children’s nutrition?
 - Can objectives be more effectively reached through investment in the education system, health/nutrition interventions, or other social protection interventions?
 - What is the added benefit of SM vis-a-vis direct interventions on specific objectives?
- **Targeted or universal provision:** Is it desirable to have universal government-financed SM in all primary schools all-year-round?
 - Could it be more cost-effective to limit SM to parts of the year in some or all schools?
- **Choice of procurement modalities:** Should there be different procurement modalities for different schools and different contexts?
 - Which procurement modality work best in what contexts?
- **Food security:** Are SM enough to provide food security for children?
 - Which SM modality is the best suited for safeguarding food security?
 - Is there evidence of a ‘substitution effect’, where households no longer feed children that receive SM? (limited evidence base)
- **Safety net function:** Are SM an adequate safety net for enrolled children and households?
 - Is SM’s in-kind transfer sufficient to provide adequate protection?
 - Which SM modality is the best suited with in view of providing a safety net?
 - Could SM be made more crisis-sensitive, i.e. through changes in ration, targeting and frequency during a crisis?
- **HGSF:** Is it possible to provide large-scale SM based on the HGSF model?
 - Is there adequate and sustainable community support for HGSF?
- **Local economic growth:** What is the cost of shifting from central procurement to community procurement procedures?
 - Are local farmers able to consistently provide the quality and quantity required?
 - Which SM modality is the best suited to promote local economic growth?
- **Choice of feeding modalities:** Should there be different feeding modalities for different schools and different contexts?
 - Which feeding modality work best in what contexts? (limited evidence base)

Centralised School Meals Programmes: Corn-Soya Blend Model

There are a number for benefits associated with this modality, which are the possibility of near ‘total provision’ of school meals, consistency in supply and a relatively low cost per child (universal provision for primary schools

could be achieved for \$60-75m per year). Further, the centralized corn-soya blend model could be used to mitigate gaps in provision in other models through. The model relies on the free labour of local volunteer teams (majority women), which is a significant local input into the provision of SM.

However, the model is not without challenges. While the Corn-Soya Blend (CSB) model is able to address micronutrient deficiency, it is relatively lower in total calorific value and offers less dietary diversity than offered by some Home Grown School Feeding programmes, which focus on six food groups. The model also requires significant unpaid input in the form of community volunteers, which can be a source of lacking sustainability.

It was noted that if volunteers were paid Malawi's minimum wage, they would provide about 50 percent of the value towards most SMP. This is important to keep in mind when discussing the reliance on community volunteers.

For WFP there is the question of whether paid staff or volunteers are a more reliable and effective option. WFP observes cases where the entire village is busy (funeral, etc.) and none volunteers to cook. Paying community members to cook would make SMP more reliable. Mary's Meals contends that 'unpaid community labour' is a way to generate community ownership and buy-in. Further, Mary's Meals affirms that the School Health and Nutrition (SHN) policy emphasises the role of the parent in adequate feeding, which implies that parents and community members should contribute actively to SMP. The Government stresses that the key question is which of the two modalities provides the best quality of service and value-for-money.

An important distinction of the centralized CSB SMP is that the modality does not provide the daily total caloric value required for a school-age children but only a percentage of that. Implementers stressed that it is key to communicate that parents still have the responsibility to continue feeding their children and do 'push' their feeding responsibilities vis-a-vis the child towards the school. In addition, there is a natural limit to how much children can eat during a school day.

Government states that the different feeding modalities are a problem. For instance, Mary's Meals provides 67 grams of CSB per student per day, whereas WFP provides 100 grams. That there is a need for standardization based on nutritional requirements and cost-effectiveness.

Reliability of the supply is one key advantage of the centralized CSB model. Some stakeholders wondered whether this is true even during the rainy season. Mary's Meals informed stakeholders that they are able to address this through planning and that feeding is consistent throughout the year, regardless of the season.

Decentralized School Meals Programmes: Cooperative Local Food Procurement

The main advantage of the Home Grown School Feeding (cooperative local food procurement) model is dietary diversity and varied and nutritious menu it can provide. These models also often contain a strong education and behavioural-change component on nutrition and the importance of food diversity. The model further includes capacity-building of local cooperatives and supply chains and can stimulate local agricultural productivity.

In terms of challenges, the modality is vulnerable to capacity limitations of implementing partners, which can lead to an inconsistent provision of meals. In addition, schools may face challenges in the timely and cost effective procurement of inputs and foodstuff and there is the risk of misuse or mismanagement of funds by school boards. As food is grown locally, there is the risk of inconsistency in supply of local product and during lean season, food may be scarce or unavailable.

It has been observed that cost of decentralized production, especially at the school level, is higher than that of centralized production. This is mainly due to economic of scale in procurement. One option to reduce cost at the school level would be to find cheaper protein than meat, such as bean or eggs. However, there is a problematic lack of proper nutrition knowledge and many people assume that meat is the most nutritious food available. Developing consistent supply of affordable, nutritious, and locally-grown menus is a challenge.

However, it was stressed that the decentralized model has better nutritional value than the centralized approaches, which should not be lost. Further, the decentralized models provide valuable nutrition education and can communicate the importance of food diversity.

Sanitation was briefly discussed. The implementation guidelines state that no SMP can be established without adequate access to safe water and sanitation facilities. The guidelines further include sensitization to the importance of proper hygiene. Volunteers receive training on these issues at the inception of a SMP. Volunteers preparing the food are required to be in good health and adhere to hygienic standards. .

Quality control is possible but difficult, given the decentralized nature of the model. The food cooked by volunteers needs to be checked every day. At the community level, quantitative indicators, such as maximum amounts of toxin, micro-bacterial levels etc., will not be infeasible. However more qualitative indicators and guidelines may work (such as not storing meat and perishable veggies for long amounts of time).

A key challenge of HGSF models are the potential of inconsistent supply. It was therefore recommended to develop complementarity between centralized and decentralized models, to allow the centralized model to act as a back-up system in case of production shortages.

Decentralized School Meals Programmes: Community Based, Inputs-Only (Government model)

One advantage of the Government model is the strong community ownership. Lower dependency on external resources (mostly seeds and fertilizer) also suggests a relatively high level of sustainability. Through agricultural extension officers, capacity building on agricultural practices is also provided to local communities.

A key challenge, as with all HGSF programmes, is the high dependency on local communities. Further, if land and/or labour are scarce, the capacity to implement this model may not be available. The approach is also vulnerable to climate shocks (droughts or floods), as schools rely to 100 percent on their own crops. It has also been observed that the model is often implemented with a 'one size fits all'-approach. For instance, the amount of seeds and fertilizer provided are apparently not tied of the number of students in the school. Also, the type of crops promoted was not linked to regional climatic conditions. Due to limited inputs, such programmes feed either exclusively during the lean season, or only a few days per week.

A frequently observed challenge of most HGSF SMP was volunteer management. In particular, finding community volunteers for construction duties has proved to be difficult.

It was suggested that a strong focus needs to be placed on ensuring that school gardens are able to grow food year-round. Small-scale irrigation systems were considered promising by stakeholders. The combination of irrigated maize fields for year-round production and a side-focus on cash crops (to enable schools to buy additional ingredients) was considered to provide on sustainable basis for an affordable and diverse diet.

The 'one size fits all' approach of the Government's HGSF model was frequently criticized by stakeholders. It is important to note that the approach is currently being evaluated by the Government. Part of the ongoing evaluation is the question of which inputs should be provided by the Government. The Government is aware that different crops do better in certain regions than others. The Ministry of Agriculture is therefore to provide guidance to teachers on which crops grow best in a particular area. However, teachers have to talk to extension workers for that approach to function and often teachers are unaware of this service. Further, there are also a number of taboos assigned to some foods, and students are more willing to eat certain foods than others, which complicates dietary diversification.

It was suggested that targeted programmes of nutrition education could address this challenge. School meals could, in turn, function as examples of diverse and nutritional meals.

The model is conceptualized by the Government to provide meals throughout the year but if production is inadequate for year-round feeding, the Government advises schools to focus on the lean season, since dropout

rates are highest during that time. As mentioned earlier, another option worth exploring could be a centralized back-up system.

12.4. Efficiency of School Meals Programmes

Table 19. Summary of School Meals Programmes evidence discussed by stakeholders: Efficiency

Summary of School Meals Programmes evidence discussed by stakeholders: Efficiency	
<i>A “systems” perspective</i>	
Lack of harmonization	Multiple delivery modes and service standards.
Institutional framework and coordination	Ineffective institutional and coordinating mechanisms. Due to inadequate understanding of roles and responsibilities, ineffective communication, high membership turnover. Absence of integrated work plans of implementers
Information systems and technology	Fragmented data and information management systems among implementers
M&E capacity	Weak supervision, monitoring and reporting capacities across the schools. Heavy reliance on manual records by implementers. Limited information on the day-to-day performance, the costs of the various components, and impacts. Lack of consolidated information on costs and impacts across different design and implementation modalities.

Key questions on the efficiency of SMP

- **Programme harmonization:** Should delivery modes and service standards be harmonized?
 - Should a National Programme be established which different modalities can be gradually aligned (similar to SCT)?
- **Lack of coordination and collaboration:** How can coordination and collaboration between implementers be improved?
 - What institutional arrangements need to be established to facilitate this?
- **Government ownership and leadership:** Is the Government in a position to effectively coordinate and lead implementation of SM?
 - How can the Government be supported to ensure cooperation amongst implementers?
- **Information systems and technology:** Is the Government currently able to effectively fulfil its mandate to oversee and provide policy guidance on SM?
 - Can implementers’ data management systems be harmonized into a unified national system?
- **Monitoring and evaluation capacity:** Can implementers establish a more robust monitoring and evaluation system, taking into account the capacities of schools?
 - Is there a need to move away from paper-based M&E systems?

Lack of detailed and up-to-date data on the implementation of SMP and the different reporting practices of stakeholders was recognized as a key challenge to the effective management and supervision capacity of the Government, in particular the Ministry of Education. This challenge was recognised by all stakeholders.

The Government is planning on developing a sector-wide M&E system and wants to pilot how to efficiently elicit data directly from school headmasters. Currently, data collection is based on ad-hoc requests, which are inefficient and very time-consuming, as data needs to be requested from implementing partners. Government also raised the issues of implementers having the possibility of not revealing certain information to the Government.

It was agreed that a sector-wide and Government-owned M&E system needs to be developed. A small set of indicators, which implementers can easily assess and provide information on needs to be compiled and reporting requirements of implementers need to be strengthened and streamlined.

The SCT management and information system (MIS) was brought up as a positive example of a well-functioning system. The SCT has a comprehensive MIS, which is available online. SMP implementers should support the

implementation of a similar system. It would be very useful to harmonize the information from individual implementers, and also to harmonize data collection and formats, so they can be presented in a single comprehensive database. Some implementers already have such systems in play. These might provide guidance on how this could be centralized.

The national TWG exists and meets quarterly. It is very functional at the moment. There are similar structures in the districts.

With respect to the deliberate creation of linkages to other MNSSP programs, not much progress has been made. MoFEPD is currently developing a linkages concept for the SMP, based on a similar document developed for the SCT. Which linkages to establish and how to establish them needs to be more of a focus in the future.

12.5. Institutional capacity of School Meals Programmes

Table 20. Summary of School Meals Programmes evidence discussed by stakeholders: Institutional capacity

Summary of School Meals Programmes evidence discussed by stakeholders: Institutional capacity	
Leadership and management	Inadequate leadership stability and continuity. Inadequate strategic, project and change management competences. Weak political ownership, commitment and support
Policy, strategy and legislation	Limited awareness and knowledge of relevant developmental instrument
Human resources	Inadequate staffing levels and high workloads due to vacancies. High workload due to use of existing teachers as SHN coordinators. Inadequate knowledge in programme management. Absence of HRD strategy
Physical resources	Inadequate physical resources for coordinating structures. Different standards with respect to kitchens and utensils amongst implementers

Key questions on the institutional capacity of SMP

- **Management capacity:** How can institutional communication, coordination and collaboration mechanisms be strengthened?
- **Inadequate staffing levels:** How can staffing levels be improved?
 - How can the turnover of senior leadership and managers be reduced?
- **Operational support infrastructure:** What is the necessary investment cost of putting in place adequate operational support infrastructure is in place
- **Fragmented implementation systems:** There seems to be a need to increase Government ownership and streamline implementation systems with a clear Government-led management structure
 - What steps need to be taken to achieve greater Government ownership over SM?

It was noted that if volunteers were paid Malawi's minimum wage, they would provide about 50 percent of the value towards most SMP. This is important to keep in mind when discussing the reliance on community volunteers.

For WFP there is the question of whether paid staff or volunteers are a more reliable and effective option. WFP observes cases where the entire village is busy (funeral, etc.) and none volunteers to cook. Paying community members to cook would make SMP more reliable.

According to implementers and the Government, the SHN Department within the Ministry of Education does not currently have the necessary resources to implement all of the suggestions made at the workshop, such as an MIS system. It was suggested by the Government that DPs might be able to provide technical assistance to the Department.

12.6. Sustainability of School Meals Programmes

Table 21. Summary of School Meals Programmes evidence discussed by stakeholders: Sustainability

Summary of School Meals Programmes evidence discussed by stakeholders: Sustainability	
Donor dependency	The implementation of SM programmes is heavily dependent on donors and NGOs
Limited sustainability	Limited Government contribution to SM, and potentially high levels of expenditure in relation to Government resources, leaves the programme vulnerable to changes in donor priorities
Government capacity	Inadequate Government capacity to implement large scale SM programmes as indicated by the postponement of the Government-handover of implementation
Sustainability of HGSF	Questions with regards to the sustainable of HGSF pilots due to the high levels of community support required

Key questions on the sustainability of SMP

- **Analysis of cost:** what would be the realistic cost of operating a national school feeding model at scale?
- **Limited Government ownership:** Will the Government take on greater ownership of the programme?
- **Donor contributions:** How to devise an effective strategy for donors to gradually reduce their contribution to the programme in relative terms?
- **Government capacity:** Over the mid-term, does the Government have adequate financial and logistical capacity to implement a large scale SM programme?
 - Is it realistic to expect the Government to implement the programme in the mid-term future?
 - What does this mean for sustainability of SM in Malawi?
 - Is it possible to adapt current implementation modalities to a model that can be financially sustained by Government in the future?
- **Sustainability of HGSF:** Are HGSF approaches the answer to limited sustainability?
 - Can HGSF overcome the challenges of the community-driven approaches and, in the mid-term future, provide SM large sections of Malawian students?

It was agreed by all stakeholders that it is important to develop a mid-term plan for programme handover to the Government. In order to learn from previous failed attempts of handover, it is very key that a handover strategy is developed that outlines steps to be taken before the SMP can be handed over to the Government.

It was suggested that “ownership” is more than a financial term and increase Government ownership of the programme should be a first step before a full handover is undertaken. For instance, the Social Cash Transfer (SCT) remains heavily donor funded but nonetheless stakeholders called it a Government programme due to the strong institutional ownership of it by the MoGCDSW. It was observed that, at the moment, this cannot be said about the various SMP, which are still very much seen as donor programmes.

Stakeholders suggested selecting some schools or even a district to serve as a handover-pilot. This would allow for an analysis of challenges and opportunities.

12.7. Stakeholder recommendations

The following recommendations were made to strengthen the relevance, impact, effectiveness, efficiency, institutional capacity, and sustainability of School Meals Programmes.

Relevance

- 1) **Achieve clarity on the primary and secondary objectives of SMP:** Develop a theory of change on how SMP directly contribute to the various objectives, including impact on nutritional and educational outcomes, as well as local agricultural production.
- 2) **Clarify the relationship between the SCT and SMP:** How do the two programmes, which have similar objectives, relate to another?
- 3) **Increase coverage:** Develop a strategy on how to increase coverage and achieve universal provision of SMP.

Impact

- 1) **Develop a sound evidence base on SMP in Malawi:** Undertake research on the impact of SMP timing on programme objectives.
- 2) **Increase coordination and harmonization of SMP implementation:** Strengthen harmonization of SMP implementation across the sector and improve cooperation among implementers.

Effectiveness

- 1) **Harmonize SMP implementation across implementers:** Standardize feeding portions of centralized CSB model based on nutritional requirements and cost-effectiveness
- 2) **Strengthen focus on nutrition:** For instance, develop a strategy on how to include nutritional education in the centralized model.
- 3) **For decentralized SMP, develop sets of low-cost nutritious and regionally sensitive menus.**
- 4) **Develop a system for technical support towards decentralized PWP:** For decentralized models, develop a system of agricultural and nutritional advice to ensure that schools plant regionally appropriate and nutritious produce for a year-round supply.
- 5) **Develop complementarity between decentralized and centralized SMP:** Consider a system of complementarity between centralized and decentralized models, to allow the centralized model to act as a back-up system in case of production shortages.

Efficiency

- 1) **Strengthen M&E systems:** Develop a sector-wide M&E system based at the Ministry of Education, Science and Technology.
- 2) **Implement SMP in a holistic manner:** Develop a strategy on linking SMP to other social protection programmes and services.

Institutional capacity

- 1) **Capacity building of the MoEST:** Develop a capacity building strategy for the SHN Department within the MoEST and for development partners to support the SHN Department through technical assistance.

Sustainability

- 1) **Develop a medium-term plan for programme handover to the Government:** The plan is to include capacity building and technical assistance components. In the short-term, ensure that funds flow through Government systems rather than parallel systems.
- 2) **Strengthen the evidence base on the advantages and disadvantages of SMP implementation modalities:** Build evidence on the sustainability, reliability, and quality of service community volunteers in relation to paid staff

13. Review of Micro-finance Programmes



What is the most important or interesting fact about the programme?

- Outreach
- Variety of products and service providers provided by MFI
- Achieving a 100% repayment rate in rural areas
- Reaching out in an integrated manner to a broad spectrum of the poor
- Creating opportunities for access to financial services for rural communities

What are the successes of the programme over the last years?

- Regulation – MFI regulation framework was created
- Transformation of livelihoods
- Service uptake due to client-oriented products
- Regulation of MFIs
- MAMN managed to visit many MFIs and MCAs



What are the issues that did not go well?

- Government involvement in MFI sector and closure of government-run MFIs
- Excessive focus on credit and less on other services
- Inflation rate affects businesses, CRBS not functional
- Sometimes clients have to borrow to repay loans
- No proper tools to collect and analyze data of MFIs
- No MFI and financial sector policy
- No M&E framework for MFIs

How do you feel about the programme? Pessimistic or optimistic? Why?

- Optimistic
- Optimistic and passionate
- Optimistic
- Optimistic - It is a very useful tool for financial inclusion and development
- Optimistic



What has been learned?

- MFI sometimes resist regulation but regulation of the sector is key
- To clients access is more important than price of service
- The poor have the capacity to save
- Understanding the need of the client is key
- Integrating the social performance aspect into financial sector programs, MFIs learned to track clients' progress out of poverty;
- Microfinance is more than credit
- Balancing financial sustainability and social concerns is difficult
- Collaboration is very important

This section summarizes key discussion points and recommendations made at the MNSSP Review workshop on Micro-finance Programmes, held at Crossroads hotel on the 12th of May 2016 in Lilongwe.

The purpose of the workshop was to evaluate the progress made by micro-finance programmes against the MNSSP results matrix and facilitate a critical discussion amongst programme implementers on the relevance, effectiveness, efficiency, institutional capacity, and sustainability of micro-finance programmes under the MNSSP.

Summary of key challenges of Micro-Finance Programmes

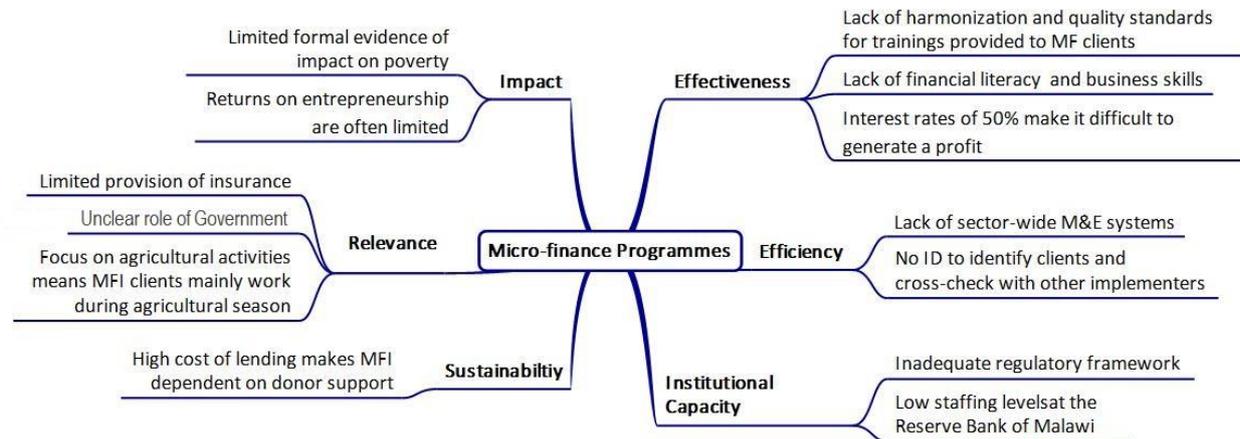


Figure 11. Summary of key challenges of Micro-Finance Programmes

Traffic Light Evaluation of Micro-Finance Programmes: Outcomes and outputs

Stakeholders were asked to study the MNSSP results matrix as completed by the Malawi Micro-finance Network (MAMN) and evaluate whether the MAMN's completion of the matrix accurately reflects the implementation of Micro-finance Programmes. In addition, stakeholders were asked to offer their own assessment of the progress made in relation to the results matrix.

Summary of key outcomes and outputs of Micro-Finance Programmes

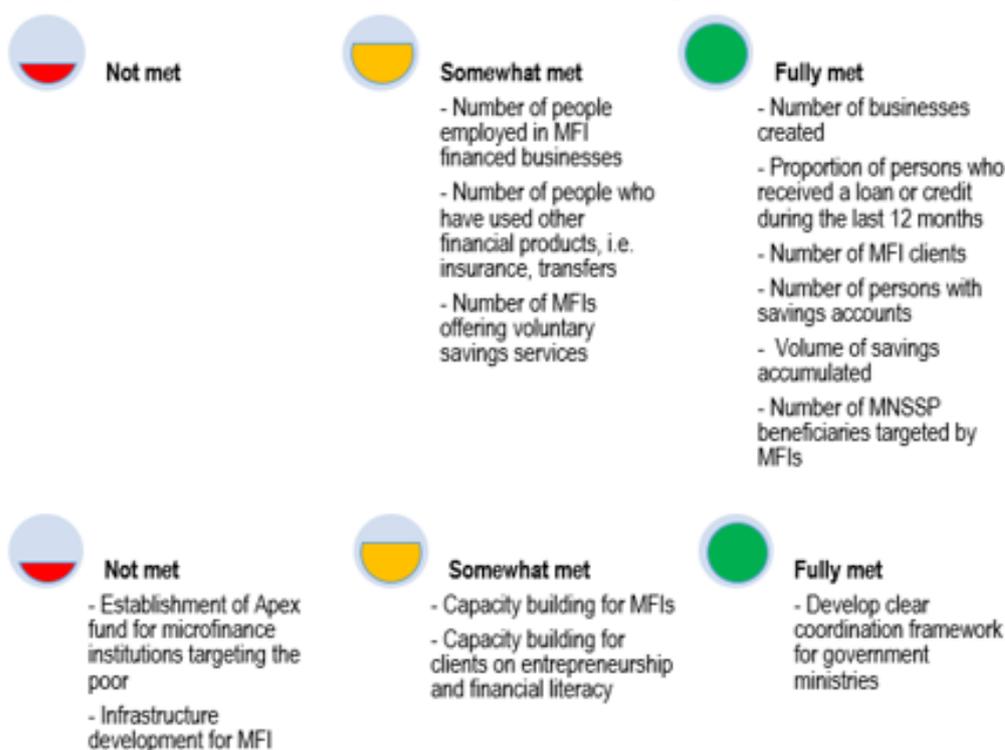


Figure 12. Summary of key outcomes and outputs of Micro-Finance Programmes

Table 22. Strategic outcomes and outputs of Micro-finance Programmes

Strategic outcomes of Micro-finance Programmes							
Outcome	Indicator	Baseline	Source	Target	2016	Source	Stakeholder comments
Employment & self-employment created	Number of businesses created	TBC	MAMN	50% increase			What types of businesses were created using microfinance institutes' (MFIs) loans? Do they provide mostly formal or mostly informal employment, and what is their size? Could a distinction between employment and self-employment be helpful? Should the indicator focus on businesses or employment? It needs to be clear what exactly is being tracked. The more pressing question seems to be whether these originally small businesses manage to grow over time. Do MFIs fund businesses with the potential to eventually expand? It is difficult to generalize what types of businesses take off. Several examples of business expansion are known to MFIs. Most MFI do not systematically collect the data needed to assess these indicators. They tend to focus on eliciting data relevant to their core operations, i.e. loan performance or cash flow projections. Even if data on business performance are gathered, the tools used and the intervals at which this is done differ across MFIs.
	Number of people employed in MFI financed businesses	TBC	MAMN	50% increase			
Access to affordable financial services increased	Proportion of persons who received a loan or credit during the last 12 months	12%	IHS, 2010	20% - (60% increase)	25%	Finscope consumer survey	Across MFIs, growth in terms of outreach and portfolio is noticeable.
	Proportion of persons who received a	1.1%	IHS, 2010	10% - (100%	4%	Finscope consumer survey	If someone comes back for a new loan year after year, are they counted as a new client or not? The way these data are tracked needs to be clearer. What does access

	loan or credit during the last 12 months in district with lowest proportion			increase)				to finance mean? Is the number of outstanding loans a good indicator? Those with access to finance but without outstanding loans are missed, as are those who save but do not take out loans. Regulators are currently reviewing core reports and are working on capturing and differentiating between repeat clients, new clients, and active clients. Whether loans increase in size over time should be tracked.
	Number of MFI clients	TBC	MAMN	60% increase	24%	Finscope consumer survey		Many potential MFI clients opt for VSL instead, since that program is available and well-known. Is the target group of MF the same as that of VSL? There seems to be some overlap, since several VSL beneficiaries are also MFI clients. However, VSL has an informal element. With MFIs, loan repayment is more regulated. Pay-out timing is stricter. MFIs are also more regulated than VSL groups.
	Number of people who have used other financial products, i.e. insurance, transfers	TBC	MAMN	100 % increase	46%	Finscope consumer survey		MAMN does not collect such data because there is no such provision in the call report
	Average APR across MFIs	TBC	MAMN	5 % point decrease				
Increased level of savings at household level	Number of persons with savings accounts with member institutions	TBC	MAMN	5% growth rate per annum	5%	Finscope consumer survey		
	Volume of savings accumulated by persons with savings account with member institutions	TBC	MAMN	5% growth rate per annum				Based on Finscop, the number of Malawians who have savings accounts decreased over recent years. Most MFIs focus on loan facilitation, although they also do savings facilitation. Most are not deposit-takers however. They only facilitate between banks and their own clients. There are some MFIs which require compulsory saving as a precondition and collateral for loans. There is a possibility for linkages between VSL groups, which enable members to build up collateral for a loan, and MFIs, which provide larger loans and can facilitate between VSL groups and commercial banks, so that groups can deposit excess funds in interest-bearing accounts. Most MFIs want to go into deposit-taking and then become a microfinance bank (MFB). Once MFIs become MFBs, interest rates might decrease, since the aggregate business risk might be reduced.
	Number of MFIs offering savings services	TBC	MAMN	6 more	1			It is FINCA which is a deposit-taking institution with others planning to go in that direction
	Number of social support beneficiaries targeted	TBC	MAMN	20%	30%	MoFEPD		

Strategic outputs of Micro-finance Programmes							
Outputs	Indicators	Baseline	Source	Target	2016	Source	Comments
Establishment of Apex fund for MFI targeting the poor	Amount lent from Apex fund	0%	MAMN	30%	0%	MoFEPD	Unavailability of funds to roll out Apex Fund
Capacity building for MFIs	Existence of institution offering MF training	No	MAMN	Yes	Yes	MAMN	Lilongwe University of Agriculture and Natural Resources (degree) and MAMN (short courses).
	Percentage of core MF staff certified in MF	TBC	MAMN	80%			
	MFIs operating on CGAP best practices	TBC	MAMN	100%			There are some MFIs which follow these guidelines but it is difficult to give the absolute figures.
Capacity building for clients on entrepreneurship and financial literacy	Client retention rate	TBC	MAMN	80%			MAMN does not collect such data because there is no such provision in the call report
	Loan default rates (i.e. PAR>30 Days)	10%	FIMA	5%			
	% of clients trained by MFIs	TBC	MAMN	100%			
	% of clients involved in manufacturing	TBC	MAMN	15%			
Infrastructure development for MFI	% of rural persons who received a loan or credit during the last 12 months	7.9%	IHS, 2010	20% (60% increase)			
	Number of MFI access points in rural areas	TBC	MAMN	At least 100% increase			No data – Mapping exercise yet to be conducted
Develop clear coordination framework for government ministries	Framework developed and adopted	Not adopted	Ministry Finance	Adopted	Adopted	MoFEPD	Pro-Poor Microfinance Technical Working Group coordinating microfinance

13.1. Relevance of Micro-Finance Programmes

What is Micro-Finance?

Financial sector development and financial inclusion is considered as an important tool for economic development and poverty reduction by the Government. Financial inclusion is delivery of banking services at an affordable cost to disadvantaged and low income groups that are often excluded from (formal) financial services. The Government

of Malawi considers it essential in increasing agricultural productivity and production, expanding micro and small enterprises, creating employment, increasing household income and smoothing consumption.

The NSSP considers MF to play a key “role in promoting the poor to move out of poverty, by increasing their access to finance, thereby enabling expansion of their income earning opportunities”. The MNSSP focusses on 1) strengthening the outreach capacity of poverty-focused MFI and, 2) strengthening of the operations and management capacity of MFI to improve efficiency of microfinance services.

Table 23. Summary of Micro-finance Programmes evidence discussed by stakeholders: Relevance

Summary of Micro-finance Programmes evidence discussed by stakeholders: Relevance	
Coverage of financial services	40% of adults are formally served, including both banked and other formal financial services (2008: 26%). 33% are banked (2008: 18%), 28% use informal mechanisms (2008: 25%) and 46% use no financial services (2008: 55%).
Access to credit	Given Malawi’s agricultural economy, having access to credit or savings at specific agriculturally sensitive times can have large impacts on food security and poverty.
Demand for loans	Highly seasonal and very dependent on agriculture.
Geographical coverage	Whereas traditional moneylenders and banks predominately service urban Malawians, NGO-MFIs often deliberately target the rural poor.
Entrepreneurship and productivity	MF can provide access credit for investments towards improved productivity, income and the diversification livelihoods.
Diversification of livelihoods	Given declining yields and the volatility of agricultural investment, there is a need to diversify income generating activities, savings and access to credit provided support that
Insurance	98% of adults do not have any kind of financial product covering risk.

Key questions on the relevance of MF

- **Agricultural credit:** Most Malawians work in the agricultural economy and demand for credit is heavily dependent on the agricultural season.
 - Are there credit modalities that are aligned with the agricultural cycle (timing and value)?
- **Volatility of agricultural investments:** A common reason not to borrow (formally) is the volatility of agricultural production in Malawi and the fear of falling into debt.
 - Is there a way to address respond to these, very reasonable, concerns?
- **Geographical coverage:** Given the need to be cost-effective and the high transaction costs of lending, is MF adequately serving the most vulnerable?
 - Are there reforms to ensure that microfinance organizations adequately focus on the rural poor?
- **Insurance:** There seems to be very limited and declining emphasis on insurance. Why is this?
 - Given the common financial emergencies, does the limited focus on insurance make sense?
 - Are there reforms that could make insurance products more popular with stakeholders?

Opening the workshop, stakeholders discussed the various financial services provided by MFI and in particular why there is so little insurance provision. Given the prevalence of idiosyncratic and covariate shocks, forms of micro-insurance could conceivably have significant positive impacts on resilience.

It was suggested that there is little insurance provision because the cost to the insurer is high, since the risk of shocks materializing is large. However, stakeholders did not consider the cost of insurance to be prohibitive and the profitability/sustainability of micro-insurance models was mainly seen to rest on getting the numbers right. If a lot of people were to be insured, for certain insurance products, the cost would decrease.

Theoretically lots of areas could be insured but premium collection and designing insurance terms is very complex. Further, in many settings it can be hard to verify that insurance applies (for example in the case of a weather index insurance) despite the technology to verify such events now being in place. A key challenge here is imperfect

information sharing. Potential clients are often not aware of the portfolio of existing products and in cases where insurance has not been triggered, despite adverse events taking place, people may feel that they are paying for nothing.

It was stated that commercial banks are now moving towards insured loans. In that context, and the insurance context more generally, MFIs could facilitate between clients who need insurance and commercial insurers rather than providing insurance products themselves.

The discussion then turned to the prevalence of agricultural credit in Malawi. A challenge of lending to smallholder framers is that for many agricultural products, farmers do not know how to use them other than for own consumption or selling them directly to end consumers. There is little value-addition and processing facilities are not in place. Farmers often have very little contact with money, which results in them struggling to repay loans, sometimes even despite increased output and productivity.

Stakeholders briefly discussed the issues of lacking collateral, which makes it difficult for farmers to access credit. Putting a warehouse receipt systems in place was considered a promising solution. Under such a system, farmers deliver their produce to a warehouse, where they get a receipt. The receipt can then be used as collateral. However, it is difficult to design such as system for highly perishable goods (e.g. tomatoes).

Stakeholders further observed that a strong focus on agricultural activities means MFI clients will only work for about 40 days and then cannot find productive activities for the rest of the year. It was suggested that they have to be enabled to either farm all year round or develop additional revenue-generating activity for the rest of the year.

It was recognized that financing agricultural production is a challenge, MFI cannot fulfill all of the demand for agricultural financing and commercial banks often do not provide agricultural finance to smallholder farmers. In fact, 80% of agricultural production is at the subsistence level but loans make sense mostly for commercial and larger-scale agriculture.

While demand for agricultural loans is very high, few MFIs provide them. Instead, most loans offered are trading loans (i.e. for buying and selling), which are seen as less risky than agricultural loans.

Loans for the adoption of agricultural productivity enhancing techniques, such as drip irrigation kits, could be a 'game changer' if they can get smallholder farmers to two or three harvests a year, allowing them to move from subsistence to small-scale commercial farming. It was discussed whether there should be dedicated products for financing these, perhaps even including training grants.

MFIs present at the meeting expressed interest in developing such 'products' in the future. Developing very concrete business cases could stimulate demand for irrigation and loans for it. It was agreed that this is an area that deserves further investigation.

Sometimes MFIs also provide food security loans combined with business loans, where the former should be repaid using the profits from the latter. Loans for fertilizer are usually not provided.

13.2. Impact of Micro-Finance Programmes

Table 24. Summary of Micro-finance Programmes evidence discussed by stakeholders: Impact

Summary of Micro-finance Programmes evidence discussed by stakeholders: Impact	
Limited global evidence	International evaluations suggests that microcredit has positive impacts on investment in self-employed activities, but no significant impact on consumption or income. However, several studies find an impact on profits for pre-existing businesses or for businesses in the upper tail of profitability Internationally, studies find that loan take-up is limited amongst the poor, as households often do not have a project with a sufficient rate of return or prefer to borrow from friends, relatives, or money lenders due to the greater flexibility those sources provide, despite costs such as higher interest (from moneylenders). Microcredit appears to have no discernible effect on education, health, or women's empowerment.
Limited evidence in Malawi	Very limited evidence base on microfinance (credit, savings or insurance) in Malawi. Evidence that the provision of individual savings accounts led to higher savings in the months prior to the next agricultural planting season and raised agricultural input usage in that season. 2014 study also finds positive impacts on crop sale proceeds and household expenditures.

Key questions on the impact of MF

- **Limited returns from entrepreneurship:** Limited (international) evidence suggests that participants do not have increased incomes based on entrepreneurial activities
 - Does this apply to Malawi?
 - How can participants be better prepared to successfully invest savings and manage a successful business?
 - How can the sustainability of returns to investments be improved?
- **Target group:** Limited evidence suggests that microcredit has higher returns on investment on larger pre-existing businesses.
 - Should microcredit focus on the poor and vulnerable or rather provide credit to those with a small but viable business?
- **Insurance:** Microcredit has the potential of creating 'debt traps' if consumers are unable to pay back a loan.
 - With respect to the volatility of Malawi's agricultural economy, would it not make sense to focus more on insurance?
- **Role of the Government:** What is the role of the Government in improving impacts of MF?

It was suggested that the core assumption of pro-poor MF is that most people, even the poor, have some productive potential, such as land, time, or even a small business. Based on these resources, rural populations are able to support each other through informal social safety nets. MF financing enables beneficiaries to use their existing resources more effectively.

Stakeholders cited EU and USAID impact evaluations done in Malawi, which analyzed the impact of microfinance. The evaluations have pointed to increased incomes of MF clients and increased profitability of investments over time. Nutritional advances have also been reported. However, it was recognized that the findings of such evaluations are often not widely shared or published.

The overall impact of MF was considered to be positive, despite not just focusing on some highly profitable businesses. Instead MF was asserted to have positive influences across the board, ranging from female empowerment to small-scale business create of the poorest.

Stakeholders further discussed which social impacts are measured by MFI. Apparently, these include the number of jobs created and the impact on female entrepreneurship and the vulnerable. However, information sharing was recognized to be inadequate. One of the impacts of MF observed by many MFI was the acquisition of livestock by clients. Stakeholders also suggested that MF beneficiaries often prioritize sending their kids go to school.

While stakeholders are confident in the positive impacts of MF in Malawi, there is little formal evidence to testify to that. As rigorous impact evaluations are very expensive, it was suggested that improvements to organization' M&E systems could be a first step in ensuring a better understanding of the functioning of MF in Malawi.

The discussion then turned to the question of how the impact of MFI can be enhanced and what could be done differently in the future.

A key challenge of MF is that returns on entrepreneurship are often quite limited. Given the high cost of credit, this makes it difficult for beneficiaries to repay their loans. With interest rates of around 50%, beneficiaries need to find business opportunities that generate at least 50% percent profit, which is not easy in any environment.

Given the high MFI interest rates, business ideas need to be very profitable to enable repayment. In light of that, should MFIs review their clients' business plans? Since monitoring is costly (and reduces MFI profitability), it may not be worth it for small loans (MK 10,000 and below). For larger loans, some MFIs do not begin pay-out without a business plan in place.

Maybe one way to address this would be to provide improved business trainings for beneficiaries, including examples of highly profitable business cases. To this end it was suggested that training offered by MFIs should be standardized and Government should ensure it is of high quality. As of now, implementers provide very different training packages, with different focus areas and different levels of depth and quality. It was agreed that there should be best practice guidelines with regards to the minimum level of training provided to beneficiaries. The responsibility for developing and enforcing these lies with the Government regulators. However, the MFI network should contribute to their development to ensure that the guidelines are focus on the competences and knowledge needed by beneficiaries.

'Graduation', clients moving on to larger loans as, presumably, business grow, has not been frequently observed. Repeat loans occur frequently but clients do not move on to larger loans. This could be an indicator that there may be limited capacity of clients to grow their businesses.

Checking the profitability of proposed ventures is difficult and keeping track of loan sizes is difficult and not done by most MFI. This might be a role for regulators. They could put in place certain minimum requirements on client information which MFIs need to record.

13.3. Effectiveness of Micro-Finance Programmes

Table 25. Summary of Micro-finance Programmes evidence discussed by stakeholders: Effectiveness

Summary of Micro-finance Programmes evidence discussed by stakeholders: Effectiveness	
<i>A "service delivery" perspective</i>	
Coverage	51% of Malawians are financially excluded, only 2% have some form of insurance.
Geographic coverage	Only 21% of rural Malawians are banked.
High transaction costs	Many MFI work in rural areas, where low population density and weak infrastructure result in high operating costs. Poor infrastructure significantly increase transaction costs and restrain expansion and outreach strategies.
High interest rates	Inflation and interest rates are high, making it difficult for beneficiaries to repay loans.
Literacy and limited understanding of modalities	Low literacy levels affect the understanding of the lending modalities by beneficiaries. Limited understanding of microfinance terms vis-a-vie informal arrangements (VSL, etc.).
Capacity challenges	Lack of entrepreneurial, financial and technological competences of target populations leading to defaults.

Key questions on the effectiveness of MF

- **Limited coverage:** What are Malawi's strategies on financial inclusion?
 - What are the drivers and barriers towards greater financial inclusion?
- **Geographic coverage:** How can rural Malawians be included?
- **High transaction costs:** What reforms are needed to reduce the transaction costs?
 - What role, if any, could the Government/Donors play in reducing transaction costs?
- **High interest rates:** Are there any mechanism that could potentially reduce interest rates?
 - Do potential customers fully understand the nature of interest rates and their implications?
 - What role, if any, could the Government/Donors play in reducing transaction costs?
- **Literacy and limited understanding of modalities:** How can customers' understanding of modalities be improved?
- **Capacity challenges:** How can the entrepreneurial, financial and technological competences of target populations be improved?

There was a consensus that investment in literacy needs to be increased but stakeholders also asserted that this is beyond the capacity or mandate of an MFI. However, MFI can play a strong role in promoting financial literacy. This starts with ensuring that potential beneficiaries fully understand the terms and conditions of a loan.

Financial literacy goes beyond understanding of terms and conditions and also promote an understanding of the importance of saving, that loans should only be taken for productive investments, how to recognize a potentially profitable business and how the performance of one's business could be improved. This conceptualization of financial literacy includes strong elements of business trainings.

High interest rates in the MF sector are a key challenge and all implementers recognize that. Generally speaking an interest rate of 50% percent is made up of 5% risk cover, 20% inflation, and about 25% lending and operating costs. It was suggested that reducing interest rates might work via making MFIs more efficient (for example using mobile money or e-transfers). The ID system is also expected to reduce the cost of lending.

MFIs offer a wide variety of products, among which interest rates differ widely (although they all tend to be high). More competition due to new market entrants should also drive down rates.

It was further suggested that the sector, under Government leadership, could develop a system of certification for loan officers in order to ensure minimum professional standards, including the capacity to assess appropriate financial products for various group of beneficiaries.

13.4. Efficiency of Micro-Finance Programmes

Table 26. Summary of Micro-finance Programmes evidence discussed by stakeholders: Efficiency

Summary of Micro-finance Programmes evidence discussed by stakeholders: Efficiency	
<i>A "systems" perspective</i>	
Diversity of services	High diversity in the types and sizes of MFI, range of products and terms under which they offer their service.
Inadequate information management systems	Fragmented data management systems and slow progress in development of shared IT hub due to high investment costs.
Capacity challenges	Limited capacity of some implementers to perform adequate and efficient loan tracking.
Lack of cooperation	Absence of integrated work program and plan by collaborating partners.
Lack of coordination	Infrequent meetings of the MF TWG.
Lack of national ID system	Challenge to the extension of financial services as most financial institutions fail to uniquely identify their customers.

Key questions on the efficiency of MF

- **Cost of implementation:** What are the required set-up and support costs of VSL implementation?
 - Beyond the initial set-up costs and trainings, do VSL group require further support?
- **Inadequate information management systems:** How was the information management system be improved and harmonized?
- **Capacity challenges:** How can the technical financial management capacity of implementers be improved?
- **Lack of cooperation:** What institutional arrangements need to be made to improve cooperation and coordination at all levels?

The provision of Malawi's first national ID was unanimously agreed to be as a 'game changer' for the provision of MF services in Malawi. The ID will be tremendously useful in identifying beneficiaries and cross-checking with other implementers whether an applicant has outstanding loans. This is expected to reduce instances where people receive a number of loans from various MFI without their knowledge. Through easier identification of beneficiaries, stakeholders expect the cost of credit to go down a bit.

If the national ID rollout happens as planned, the ID will be linked to an online account (e-account). However, it was suggested that people will eventually want actual cash (instead of e-cash). Ideally, cash should be accessible where people live, not just in the nearest city or regional hub. MFIs could act on these linkage points, where infrastructure investment might be needed.

Remote areas are less well reach with MF than more central and connected areas of Malawi. It was agreed that this is primarily due to limited access and infrastructure and not due to lack of potential for productivity.

The cost of implementing MF was discussed, and in particular the question whether MFIs are working in a financially sustainable manner. Do MFI pay their operating cost or are donors and NGOs covering them? Is the operational cost incorporated into interest rates charged to beneficiaries?

MFIs in Malawi are very heterogeneous and financial policies vary. However, donors usually pay the set-up cost and sometimes also support a proportion of operational costs. Donors often fund or contribute to new investments in technology or infrastructure. If MFIs were required to be fully financially self-sufficient, stakeholders would expect interest rates to rise.

Tracking systems differ across MFIs. Therefore, it happens that people who are clients to several MFIs (which is frequent) are counted more than once. This inflates the number of MFI clients. This also means that clients use a loan from one MFI to repay another. Usually, however, MFI agents know that their clients have multiple loans. Some MFIs are partnering with Innovations for Poverty Action (IPA) to establish fingerprinting or other biometric ID procedures. This helps reduce multiple borrowing.

Lack of sector-wide M&E systems are another challenge. Stakeholders discussed the prospects of developing a harmonized M&E system for the sector. Apparently, regulators are currently developing a unified information system called the Microfinance Processing Hub (MPH). It will be available to all players and it was suggested that all MFI should be requested to take-up this MPH.

Is there a lack of cooperation among MFIs? In terms of discussion fora, there is the annual MFI meeting facilitated by MAMN. In addition, the Microfinance Working Group (MWG) meets quarterly. It was suggested to extend the membership of the MWG to all MFI in Malawi (and not just those currently associated with the NSSP).

13.5. Institutional capacity of Micro-Finance Programmes

Table 27. Summary of Micro-finance Programmes evidence discussed by stakeholders: Institutional capacity

Summary of Micro-finance Programmes evidence discussed by stakeholders: Institutional capacity	
Leadership and management	Inadequate leadership project management competences, limited political ownership and support at national level. Inadequate leadership and management capacity and the absence active leadership (limited to district outreach services) at district level.
Policy, strategy and legislation	Limited awareness and knowledge of relevant legislation, developmental strategies, and knowledge of micro-finance policies and guidelines at all levels. Lack of regulator's capacity for the regulation of MF activities.
Institutional framework and coordination mechanisms	Ineffective coordinating mechanisms, inadequate understanding of roles and responsibilities, ineffective communication, high membership turnover, absence of policy planning and review dialogue forum at all levels. Competing and conflicting roles and responsibilities, unclear guidelines for collaboration with partners at district level.
Human resources	Inadequate staffing levels in the umbrella body; inadequate knowledge in programme management, absence of HRD strategy at national level. Inadequate staffing levels, limited training of staff and beneficiaries, lack of entrepreneurial, financial and technological skills of beneficiaries.

Key questions on the institutional capacity of MF

- **Lack of coordination and coordination:** How can coordination and collaboration between implementers be improved?
 - What institutional arrangements need to be established to facilitate this process?
- **Lack of harmonization:** How can MF implementation be harmonized?
- **Government support:** What should the role of the Government be in the implementation of MF?
 - Should it focus on providing an adequate regulatory framework or get directly involved in MF?
- **Inadequate staffing levels:** How can staffing levels be improved?
- **Inadequate skill levels and competences:** How can implementers be better trained in financial management and business skills?
- **Operational support infrastructure:** What is the necessary investment cost of putting in place adequate operational support infrastructure is in place?

Should the government only coordinate and regulate, or is there space for a more active role? There was a consensus amongst stakeholders that direct involvement of Government in the provision of MF has not been very positive. Direct engagement is quickly politicized, lead to frequent defaults, apparently, and created a “culture of defaulting”. The role of Government, as seen by stakeholders present, should be that of a regulator, providing and enforcing sector-wide guidelines.

While it was agreed that implementation guidelines and best practice guidelines are needed, the sector asserted that the current regulatory framework is adequate and does not require changes.

However, regulators suggested that there is room for improvement, which is why MF regulations are currently being reviewed. A key challenge in providing an adequate regulatory environment is low staffing at the Reserve Bank of Malawi. Current personnel capacity is at maybe 60-70% of what's required.

13.6. Sustainability of Micro-Finance Programmes

Table 28. Summary of Micro-finance Programmes evidence discussed by stakeholders: Sustainability

Summary of Micro-finance Programmes evidence discussed by stakeholders: Sustainability	
Donor dependency	The implementation of MF programmes is heavily dependent on donors and NGOs. 2015 RBM report finds that NGO-MFI operations continued to rely on largely donor support in form of loans with soft terms and grants. Current levels of donor funding raise sustainability concerns: Government contribution to the MF programmes is mainly on non-financial terms, leaving the programme vulnerable to changes in donor priorities.
Fragmentation	Limited Government leadership results in a fragmented and uncoordinated, which leads to confusion and duplication, undermining effectiveness and sustainability.

Aside from providing regulation and guidelines, the Government should work towards improving rural infrastructure, as should the donor community. This includes physical infrastructure, especially access-related infrastructure, such as roads, but also institutions such as the national ID system.

In terms of sustainability it is key to reduce the cost of lending so that MFI will be self-sufficient and can function without donor support.

Key questions on the sustainability of MF

- **Role of the Government:** What role should the Government play with respect to MF?
 - Should the Government play a regulatory role?
 - Ensure the financial sustainability of MF schemes?
 - Work on improving conditions and outreach?
 - Actively implement MF schemes?
- **Limited financial sustainability:** Are there any reforms that could make the programme more financially sustainable and attractive to Government?

13.7. Stakeholder recommendations

The following recommendations were made to strengthen the relevance, impact, effectiveness, efficiency, institutional capacity, and sustainability of Micro-finance Programmes.

Relevance

- 1) **Develop loans for productivity enhancing investments:** Consider the development of loans for small-scale irrigation systems and agricultural productivity enhancing techniques

Impact

- 1) **Develop a standardized sector-wide training curriculum that should be provided to micro-finance clients:** Government, together with the MF sector, should develop a standardized training package on what services should be provided to MF clients. The curriculum could include skills development components on financial literacy, accounting, and business skills.

Effectiveness

- 1) **Strengthen capacity building of MF clients:** Ensure that the to-be-developed training curriculum has an adequate focus on financial literacy and business skills training.
- 2) **Develop a system of certification of loan officers:** Develop a system of certification for loan officers in order to ensure minimum professional standards.

Efficiency

- 1) **Capitalize on the national ID system:** Develop strategies on how the introduction of the national ID system can improve service and outreach and reduce cost of lending.
- 2) **Develop sector-wide standards for monitoring and evaluation:** Ensure that all MFI have in place adequate M&E system and are able to track loan performance, as well as the impacts of MF investments. Ensure that all implementers join the Microfinance Processing Hub (MPH) once it is developed.
- 3) **Strengthen cooperation amongst implementers:** Strengthen basis for cooperation through regular and sector-wide discussion fora.

Institutional capacity

- 1) **Government to provide leadership through appropriate regulatory frameworks and best practice guidelines:** Government to focus on creating an appropriate regulatory framework and work with the sector in harmonizing implementation through best practice guidelines.

Sustainability

- 1) **Financial sustainability:** Develop strategies to reduce the cost of lending to improve financial sustainability of MFI.
- 2) **Invest in institutional and physical infrastructure:** Government and donors to increase investments into institutional and physical infrastructure. Examples are improved access to rural communities and the national ID system.

14. Review of Village Savings and Loans Programmes



What is the most important or interesting fact about VSL?

- Grassroots level empowerment of the poor and vulnerable
- Inclusion of women and the vulnerable into VSL groups
- Best way of promoting a savings culture among the poor
- VSL has lead to increased incomes and improved self-reliance

What are the successes of VSL programmes over the last years?

- Charitable community programmes initiated by VSL groups and cooperatives
- Increases in savings of group members
- Increased incomes through small business and investments
- Widespread adoption and popularity of the VSL methodology
- Economic and social empowerment of participants



What are the issues that did not go well?

- Lack of training for VSL groups
- Lack of coordination among implementers
- Lack of linkage with MFIs
- Lack of cooperation amongst implementers
- Poor quality training provided to some groups

How do you feel about the programme's future? Are you pessimistic or optimistic?

- Passionate and confident about VSL's future
- Optimistic that VSL remain a key programme
- VSL has a huge future due to its positive impact on the economy and lots of money has been made available
- Sustainability is guaranteed by programme design but challenges lie ahead



This section summarizes key discussion points and recommendations made at the MNSSP Review workshop on Public Works Programmes, held at Crossroads hotel on the 10th of May 2016 in Lilongwe.

The purpose of the workshop was to evaluate the progress made by Village Savings and Loans Programmes against the MNSSP results matrix and facilitate a critical discussion amongst programme implementers on the relevance, effectiveness, efficiency, institutional capacity, and sustainability of micro-finance programmes under the MNSSP.

Summary of key challenges of Village Savings and Loans Programmes

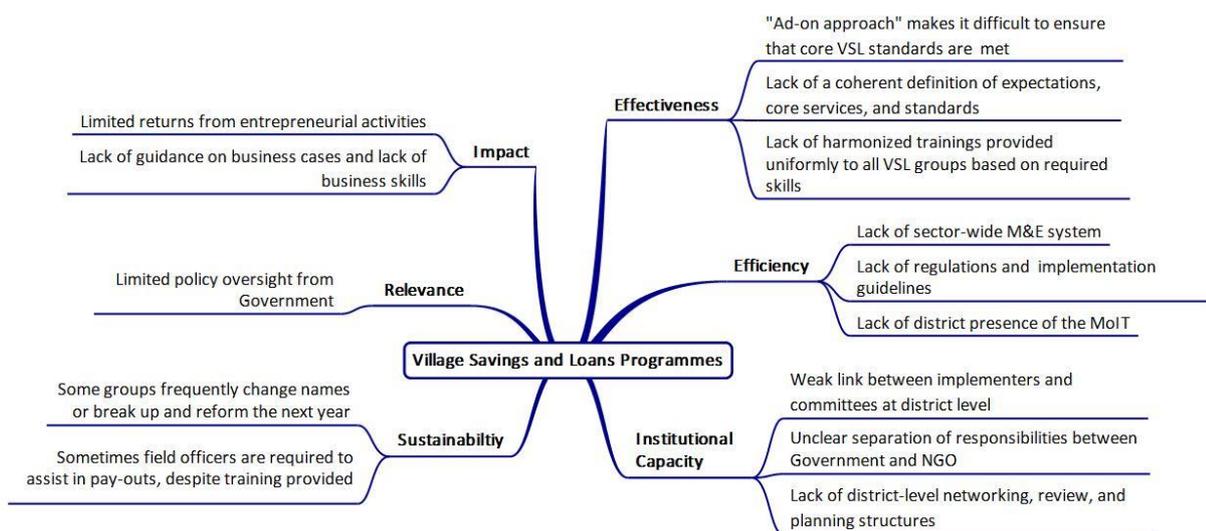


Figure 13. Summary of key challenges of Village Savings and Loans Programmes

Traffic Light Evaluation of Village Savings and Loans Programmes: Outcomes and outputs

Stakeholders were asked to study the MNSSP results matrix as completed by Care Malawi, the Chair of the MNSSP VSL Working Group, and evaluate whether the Care's completion of the matrix accurately reflects the implementation of VSL Programmes. In addition, stakeholders were asked to offer their own assessment of the progress made in relation to the results matrix.

Key outcomes and outputs of Village Savings and Loans Programmes

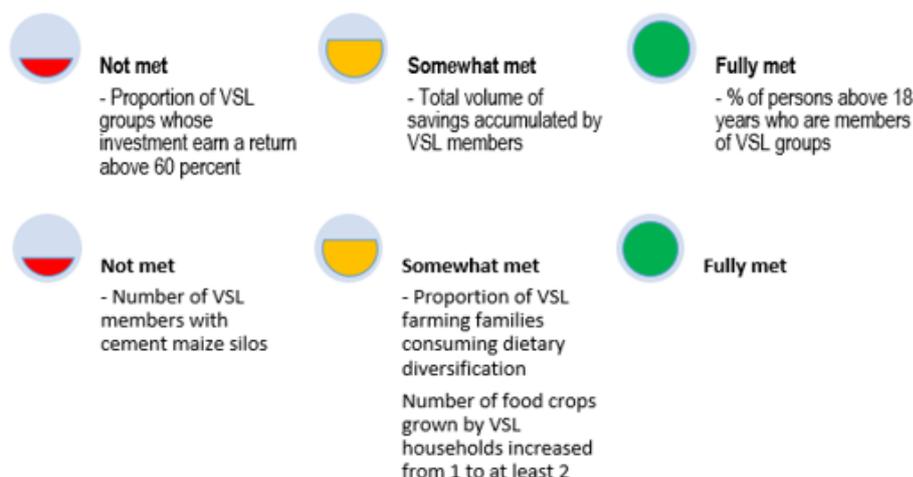


Figure 14. Key outcomes and outputs of Village Savings and Loans Programmes

Table 29. Strategic outcomes of Village Savings and Loans Programmes

Strategic outcomes of Village Savings and Loans Programmes							
Outcomes	Indicator	Baseline	Source	Target	2016	Source	Stakeholder comments
Promotion of savings	% of persons above 18 years who are members of VSL groups	75% of adult population save at home	FINSCOP Malawi, 2008	60% of adult home savers start participating in VSL and financial services	43%	Finscope Survey 2014	<p>The lack of good baseline and current data makes it difficult to accurately assess the extent of home saving (as opposed to VSL-based saving). It should not be assumed that anyone who is not engaged in VSL groups is saving at home. How to treat people saving both at home and in a VSL group or who save in multiple groups is unclear.</p> <p>It was noted that while VSL is present in all districts, there is considerable heterogeneity in terms of the scope and relative importance of home- and VSL-based saving. Further, the VSL model has been adopted by some groups even without VSL implementer involvement, leading to a spread of the model that exceeds the size of the official program.</p>
	Total volume of savings accumulated by VSL members	TBC	Baseline required	Increase the total volume of savings by VSL members by 200%		VSL mapping report (MoFEPD, Care)	The baseline is not available but nationwide VSL mapping found that accumulated savings are over MK 3 billion. Since not all VSL implementers participated in the VSL mapping exercise, the total amount could be in excess of the MK 3 billion.
	Proportion of VSL groups whose investment earn a return above 60%	TBC	Baseline required	TBC	0	Care MIS	Care MIS reported 51 percent as the highest return. The generally low profitability of many agricultural activities limits the profits of VSL groups. This can lead to disappointment of group members if VSL does not provide the income boost they expected.
Promotion of income generating activities	% of VSL members involved in income generating activities	TBC	Baseline required	75% of the VSL members involved in income generating activities	79 %	VSL mapping report	
Promotion of access to financial services	% of VSL members accessing formal financial services	TBC	Baseline required	10% of the VSL members accessing financial services	35%	VSL mapping report	
Promote investment in agricultural production	Number of VSL members with cement maize silos	660 (2009)	ASWAp	1800 cement maize silos build	TBC		
Promotion of agricultural diversification	Proportion of VSL farming families consuming dietary diversification	15% (2009)	ASWAp	55% of VSL farm families consuming dietary diversification	TBC		<p>Dietary diversification is a focus of some, but not all VSL implementers.</p> <p>A central issue is the lack of good data on nutritional changes over time, which makes the actual impact of VSL on dietary diversification hard to assess.</p> <p>Even without explicitly aiming at diversification, VSL can have an impact on it. Group members discuss dietary issues and learn from each other. Some members join groups with the express goal of</p>

							improving their family's nutrition. Farmer groups tend to invest in cash crops (soy beans, sunflowers or ground nuts) instead of maize, which tends to diversify their diet if they consume some of their produce themselves. Retaining diversification as part of a core VSL package was seen as promising, even though the core tool should not be overburdened. Especially as part of a long-term strategy to reduce vulnerability to climate shocks, VSL can and should play a role in promoting diversification along with other MNSSP programs.
Number of food crops grown by VSL households increased from 1 to at least 2 by 2016.	1 (2009)	ASWAp	3 different food crops grown by VSL farming households	TBC			

14.1. Relevance of Village Savings and Loans Programmes

Malawi's rural economies are characterized by long time spans between input and output of the agricultural production, uncertainty and weather dependency. In this context, the ability to smooth consumption, access credit, and employ risk coping strategies is vital.

There have been significant increases in access to financial services through the growth of the microfinance industry that, however, often underserve rural communities. Gaps are often filled by community level arrangements, such as VLS groups, which are groups of people pooling their savings and use them as a source of lending funds

VSL groups combine a variety of services normally provided by the formal financial market, including savings accounts, access to loans, and insurance (social fund). Access to credit is also important for non-agricultural businesses and the diversification of income generating activities. Through the facilitation of savings, VSL enables resilience in the form of precautionary savings for emergency expenditures

Table 30. Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Relevance

Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Relevance	
Access to financial services	55% of Malawians are 'financially excluded' and MFI tend to serve urban and peri-urban communities. VSL provide reliable and affordable financial services to the poor in rural communities.
Access to credit	Given Malawi's agricultural economy, having access to credit at specific times of the year can have significant impact on food security and poverty.
Entrepreneurship	VSL groups enable participants to access credit for small investments towards improved productivity, income and the diversification livelihoods
Investments in increased productivity	Require resources, which can take long to accumulate. VSL participation can provide such resources more efficiently
Diversification of income sources	Given the declining yields and volatility of agricultural activities, there is a need for Malawians to diversify income generating activities, access to credit provided through VSL groups can support that
Business skills and opportunities	A key success factor of VSL is the ability of participants to invest savings successfully and at a sufficient profit

Key questions on the relevance of VSL

- **Is VSL a social protection intervention? If yes, which kind?**
- **a) Community based savings and insurance policies**
 - This would imply that VLS groups are largely self-sustaining and, aside from regulation and ensuring favorable conditions, require only limited from the Government and donors
- **b) Social assistance programme, with active government engagement**
 - This would imply that there is a larger role for the Government and donors to play and, potentially, utilize public funds to support VSL as a social assistance interventions that is structured around savings groups
- In what terms should Government support be provided?

With respect to the Government's role in the provision of VSL, stakeholders agreed that it should focus on promoting VSL in general (although it should not push for specific players, such as COMSIP). Stakeholders argued that the main role of the Government's involvement in VSL should be to provide appropriate regulations, national best practice guidelines and monitor whether implementers are adhering to harmonized practices.

VSL provision was not seen as the type social programme that transfers cash or in-kind resources to beneficiaries but rather a structured provision of trainings and support services based on community groups. This view of VSL implies very limited room for Government interventions, beyond establishing an adequate framework.

Government should lead by providing standards for data collection and monitoring and evaluation systems, as well as facilitate regular data exchange among implementers and between implementers and the government.

There was a strong consensus that Government's role in the provision of VSL should be indirect and focused on providing a conducive environment and guidelines. Government should not be directly involved in the provision of VSL and should not subsidize loans or artificially lower interest rates in another way.

14.2. Impact of Village Savings and Loans Programmes

Few rigorous impact evaluations have been conducted on VSL and little is known about their impact on welfare. Literature suggests a number of ways through which financial access and VSL participation can impact welfare:

- I. VSL enables households to smooth consumption over the agricultural season, either via savings or access to credit;
- II. VSL groups often provide simple insurance products (mainly against illness and death) and thus functions as risk coping device, which can encourage households to discard inefficient ex-ante coping strategies, such as low risk-low return activities;
- III. Participation can improve social capital among members by enhancing trust, information flows and joint decision making, creating an environment conducive to economic activities;
- IV. Through savings and credit, VSL can facilitate a diversification of income generating activities.

Table 31. Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Impact

Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Impact	
Food security	Evidence suggests that food security, as measured by number of meals per day, significantly improved in treatment villages.
Poverty	Evidence of significant increases in total household consumption.
Income generating activities	Evidence of improved income generating activities as indicated by households holding significantly larger savings in VSL.
Improved agricultural productivity	Evidence suggests that savings are primarily invested in agriculture and the evaluation finds a significant increases in the use of fertilizer and irrigation, followed by an increase in the value of maize sold.
Income and entrepreneurship	No increased income from entrepreneurial activities. Evidence does not suggest significant increases in income generated through entrepreneurship.
Improved housing	Number of rooms per dwelling of participants increased by 0.16 on average.
Assets	Increases in household assets.

Key questions on the impact of VSL

- **Limited returns from entrepreneurship:** Limited evidence suggests that participants do not have increased incomes based on entrepreneurial activities
 - How can participants be better prepared to successfully invest savings and manage a successful business?
 - How to improve sustainability of returns to investments?
- **Improvements in agricultural productivity and output:** Are there ways to further support agricultural productivity improvements?
 - Are there any complementary interventions that could support these improvements?
- **Improved food security:** Often, improvements in food security do not necessarily lead to improvements in nutrition
 - Are there complementary interventions that could facilitate improved nutrition?
- **Role of the Government:** What is the role of the Government in improving impacts of VSL?

Stakeholders recognized that VSL groups often enjoy limited returns from entrepreneurial activities and non-agricultural investments. The discussion turned to the question how VSL participants can be better prepared to successfully invest savings and loans received through VSL groups.

It was suggested that VSL programs should provide more guidance on specific business cases in the future. There is a need for an accurate, evidence-based assessment of the cost and possible profits of investments available to VSL groups. Implementers could then provide guidance on which investment projects are sensible options. However, it was cautioned that business diversity should not be forgotten. It already happens that groups in certain areas all opt for the same investments or business ideas, thus creating an oversupply of specific businesses, which reduces overall profitability.

An assessment of possible business strategies should thus not only explore the cost and profits of existing businesses. It should also examine which businesses are currently not present but could provide sizeable returns. Community-level knowledge should be incorporated into the process. This could be done through village meetings, during which demand for certain businesses could be determined. VSL group members should be trained in identifying viable business ideas.

14.3. Effectiveness of Village Savings and Loans Programmes

Table 32. Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Effectiveness

Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Effectiveness	
<i>A 'service' delivery perspective</i>	
Coverage	67 implementation organizations with 37,461 groups and 610,596 members. North (78,068 members), Central (333,624), South (198,886).
Business skills	Lack of business skills of VSL members sometimes leads to defaults, late loan repayments and limits impacts of methodology.
Lending modalities	Inflation and interest rates are high, potentially making it difficult for beneficiaries to repay loans.
Complimentary funding	COMSIP combines VLS approach with financing of investments.
Literacy	Low literacy levels affect the quality implementation through poor record keeping and limited understanding of the methodology by beneficiaries.
Capacity challenges	Limited financial management competences and inadequate training results in some groups charging high interest rates, lending to non-members and are unable to share out savings independently.

Key questions on the effectiveness of VSL

- **Coverage:** Who are the beneficiaries of VSL programmes? Is there a demand for a scale-up?
- **Beneficiary profile:** VSL require a minimum of social capital, savings, literacy and numeracy. Does this prevent the most vulnerable from participating?
- **Quality of the portfolio:** Is money reimbursed fully and on time? Are there challenges with the management of the savings?
- **Lending modalities:** Are there challenges with respect to the lending modalities?
 - Is there a role for the Government in, for instance, managing risk, reducing interest rates or subsidizing participation for certain categories?
- **Inadequate business skills:** How can beneficiaries' entrepreneurial and business management skills be improved in order to create sustainable impacts?
- **Capacity challenges:** How can members' understanding of the methodology be improved?
- **Low literacy levels:** Can VSL participants be linked to adult literacy programmes?
- **Complimentary funding:** Should the COMSIP approach of 'outside' funding be extended to other implementers?

It was observed that many VSL implementers use the VSL methodology as one component of larger multi-sector programmes. Stakeholders agreed that the multidimensional approach of many organizations implementing VSL makes it difficult to ensure that core expectations and standards of the VSL approach (the affordable provision of savings and loans to enable entrepreneurial activity) are fulfilled by all implementers, even those which use VSL only as one tool among many others.

Stakeholders suggested that there is a need to define expectations, core services, and standards of VSL in Malawi. These core services and standards need to define the basic services provided through the VSL approach and should be harmonized across the sector. This package should include a core cycle of trainings provided uniformly to all VSL groups based on a set of required skills, such as literacy, business, and accounting skills. This should represent the minimum of knowledge needed to productively make use of VSL programs.

Stakeholders further suggested that a manual for the provision of such a training cycle would need to be accompanied by a set of indicators to assess whether groups have actually acquired these core skills. The manual could include pointers to viable business ideas and an explanation of basic business practices. It has been observed that groups with business training perform better than groups without it.

It was agreed that the cost per group member of providing VSL needs to be quantified. The cost of providing certain training measure also needs to be evaluated, so training selection can become more efficient. This costing of VSL provision should be go hand-in-hand with the suggested development of a sector-wide implementation guideline and capacity building curriculum.

Stakeholders suggested that it would be worthwhile to undertake a study to assess the added value of complimentary funding, similar to what COMSIP does. The study should assess the capacity of groups to successfully develop larger business cases, define targeting parameters for groups capable of taking on complementary funding, as well as the appropriate funding size.

It was suggested that unconditional start-up funding should not be provided and complementary funding should be conditional on VSL groups saving money themselves, or perhaps even on reaching a certain saving goal before any complimentary funding is made available. Grants for training or large-business formation (which COMSIP provides already) could be considered, however.

Due to sometimes limited investment opportunities and/or business ideas, excess funds can be a problem. Every member of a VSL group is required to, at least once in a cycle, take out a loan and invest the group's savings. These "forced loans" can lead to some group members incurring an individual loss for the benefit of the group, which is not the aim of VSL. Lacking lucrative investment opportunities but being required to borrow and invest, some group members cover the group's interest by borrowing or selling assets.

Stakeholders recognized this challenge but no concrete solution were suggested. One idea was that linkages to micro-finance institutions (MFI), which pay interest on savings could be useful in this context. This link could also promote the idea that saving itself (even without investing the funds) is already valuable.

Several groups include clauses in their constitution limiting the maximum amount of shares which can be purchased per week. This is restrictive for beneficiaries who would prefer to save more, who then spread their resources over several groups. This could lead them to overstretch themselves, although the communal nature of VSL should prevent this. Usually, groups are aware of the activities of their members and can assess whether a new member can shoulder required contributions. Some group constitutions contain clauses explicitly prohibiting membership in other groups.

It was further noted that regulating and harmonizing the training of VSL group trainers and field officers is important to ensure that all groups benefit from the same high quality training and acquire relevant skills. Reporting on their activities should also be coordinated and harmonized.

Since the cost of providing VSL services is lower in more densely populated areas, implementers might be drawn towards those. It was agreed that, while efficiency in program provision is important, sparsely populated areas must not be left behind.

14.4. Efficiency of Village Savings and Loans Programmes

Table 33. Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Efficiency

Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Efficiency	
<i>A 'systems' perspective</i>	
Information management systems	Few implementers use the standard VSL MIS and there is currently no harmonized method of tracking quantity and quality of service delivery and measuring of standard set of indicators. Half of all implementation organizations indicated that they use the standard VSL MIS. However, 41% of those were unable to track Portfolio at Risk for their groups and 43% were unable to track loan utilization.
Regulation	Lack of regulatory framework on VSL implementation in Malawi, which is problematic, especially when conflicts between members arise.

Key questions on the efficiency of VSL

- **Cost of implementation:** What are the required set-up and support costs of VSL implementation?
 - Beyond the initial set-up costs and trainings, do VSL group require further support?
- **Fragmented and inefficient information management systems:** Should all implementers switch to the standard VSL MIS?
- **Currently there exists no substantive regulation of the VSL sector:** Is this a problem?
 - If yes, how can the sector be better regulated and Government policy leadership be improved?
- **Ministerial anchor:** Given the pro-poor focus of VSL, is the MoIT the more appropriate institutional anchor for VLS programmes?

Currently, there is no sector-wide M&E system in place that can inform policy makers and implementers about the performance of the sector. Monitoring and evaluation systems and data collection systems should be developed and harmonized across implementers. Some of the indicators for the MNSSP results matrix could not be assessed since no data were available. This was identified as an area for improvement.

With respect to the Government's role in VSL, stakeholders agreed that it should focus on promoting VSL in general (although it should not push for specific players, such as COMSIP). Stakeholders argued that the main role of the Government's involvement in VSL should be to provide appropriate regulations, national best practice guidelines and monitor whether all implementers are adhering to harmonized practices.

Government should further lead by providing standards for data collection and monitoring and evaluation systems, as well as facilitate regular data exchange among implementers and between implementers and the government

The Ministry of Industry and Trade (MoIT) was absent from VSL working group meetings. It is not clear that it is the best ministerial anchor for the VSL program. MoIT was initially chosen as the ministerial anchor for VSL as it oversees all cooperatives, in to which VSL groups can be 'graduated'. However, the MoIT has no strong presence in the districts, which is crucial for VSL implementers. The Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) oversees COMSIP groups and more broadly community development, and has a strong presence in the districts. Moving VSL under the auspices of the MoGCDSW may be advisable.

14.5. Institutional capacity of Village Savings and Loans Programmes

Table 34. Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Institutional capacity

Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Institutional capacity		
Leadership and management	Inadequate leadership and management competences, weak political ownership, commitment and support at all levels.	
Policy, strategy and legislation	Limited awareness and knowledge of relevant policies (MDGS, NSSP, etc.), absence of sub-programme strategic plan, fragmented operational guidelines at all levels.	
Institutional framework and coordination mechanisms	Fragmented implementation	Implementers use different VSL approaches, which confuse communities, especially where there are numerous implementers.
	Lack of coordination	Poor coordination, lack of collaboration, and the absence of joint work plans at all level leads to overlaps, competition, dual memberships.
	Lack of joint planning	Absence of policy planning and review dialogue forum
	Limited district collaboration	Implementers often do not collaborate closely with community development officers at district level.
Information systems	Weak IT-based planning capacity, fragmented data and information management systems, inadequate IT infrastructure, heavy reliance on manual records, and untimely reporting.	
Physical resources	Inadequate physical resources of coordinating structures, delays in procurement and maintenance processes at all levels. Multiple users of available resources and limited operational resources for frontline staff including village agents at district level.	
Human resources	Inadequate staffing levels and high workloads due to vacancies, inadequate skills, absence of integrated HRD strategy at national levels. Inadequate frontline staffing levels, inadequate competences in finance, entrepreneurship and technology, inadequate training for staff, inadequate training for beneficiary groups on business enterprise at district and community levels.	

Key questions on the institutional capacity of VSL

- **Lack of coordination and collaboration:** How can coordination and collaboration between implementers be improved?
 - What institutional arrangements need to be established to facilitate this process?
- **Lack of harmonization:** How can VSL implementation be harmonized?
- **Limited collaboration with local government:** How can implementers and community development officers improve collaboration?
- **Government support:** What should the role of the Government be in the implementation of VSL?
- **Inadequate staffing levels:** How can staffing levels be improved?
- **Inadequate skill levels and competences:** How can implementers be better trained in financial management and business skills?
- **Operational support infrastructure:** What is the necessary investment cost of putting in place adequate operational support infrastructure is in place?

Stakeholders recognized that the link between implementers and responsible committees at district level is currently not very strong and some implementers work without supervision from district officials. It was suggested that a framework needs to be created for implementers to be placed more firmly under Government oversight, in particular with respect to data sharing and adherence to guidelines.

Stakeholder noted a high turnover rate of field officers, which is inefficient and requires frequent re-training of staff. It was considered important to reduce staff turnover in the future.

VSL provision has two main staffing streams: Government and implementing NGOs. It was suggested that there needs to be more clarity as to the exact roles for each set of stakeholders. The group suggest the following separation of responsibilities: NGOs set up and train groups, while the Government provides standards and monitors adherence to those. Such systems would also facilitate handover once NGOs pull out after having set up VSL in a given area.

District authorities should promote or provide district-level networking, review, and planning structures to improve communication among implementers and between implementers and Government.

14.6. Sustainability of Village Savings and Loans Programmes

Table 35. Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Sustainability

Summary of Village Savings and Loans Programmes evidence discussed by stakeholders: Sustainability	
Donor dependency	The implementation of VSL programmes is heavily dependents on donors, NGOs, and the LDF (for COMSIP)
Sustainability concerns	Current levels of donor funding raise sustainability concerns. Government contribution to the VSL programmes is mainly on non-financial terms, leaving the programme vulnerable to changes in donor priorities
Implementation cost	What is the cost associated with implementing VLS? Is the financial contribution necessary for the savings schemes to be viable or is it only needed to maintain infrastructure?
Fragmented system	High levels of donor funding leads to a fragmented system: Limited Government leadership results in a fragmented and uncoordinated, which leads to confusion and duplication, undermining effectiveness

Key questions on the sustainability of VSL

- **Role of the Government:** What role should the Government play with respect to VSL?
 - Should the Government play a regulatory role?
 - Ensure the financial sustainability of VSL schemes?
 - Work on improving conditions and outreach?
 - Actively implement VSL schemes?
- **Limited financial sustainability:** Are there any reforms that could make the programme more financially sustainable and attractive to Government?
- **Graduation into cooperatives:** How can MoIT capacity to graduate VSL groups into cooperatives be improved?

Occasionally, groups are reported to simply change names or break up and reform the next year (unclear why). Some beneficiaries also migrate across groups or join and leave groups frequently.

It should be noted that both behaviors could be sensible strategies, for example as group members graduate and move on to join a new group with other, wealthier members. However, if group formation or cross-group migration is driven by short-term motivations, this could threaten the sustainability of VSL. Implementers should thus promote a long-term focus among group members.

Properly trained VSL groups should not require any further financial support or assistance with share-out or the day-to-day running of the group's funds. Stakeholders suggested that there should at least one group member that is able to oversee the share-out process. Ideally, once group training is completed, field officers should not have to be present to ensure share-out functions as intended.

In reality, however, this is not always the case and stakeholders reported that sometimes field officers are required to assist. A proposed solution to this capacity challenges was to sequence group training and to discuss share-out procedures close to the end of the financial year, so they are present in members' minds when share-out happens.

It was suggested that for some VSL groups it would be beneficial to formalize their group into a cooperation, which would allow them to receive loans from MFI. However, it was stressed that this is a delicate process and requires a serious assessment of a group's capacity. Further thinking should be done how this 'graduation process' can be facilitated to be a benefit of group members, while minimizing risks.

As discussed earlier, stakeholders saw the role of the Government in the provision of VSL as limited to providing and enforcing an adequate regulatory framework and guidelines, as well as providing policy guidance.

14.7. Stakeholder recommendations

The following recommendations were made to strengthen the relevance, impact, effectiveness, efficiency, institutional capacity, and sustainability of VLS schemes.

Relevance

- 1) **Develop VSL implementation guidelines and harmonize VSL implementation:** Develop clear implementation guidelines applied to all organizations including provisions for capacity building, monitoring and evaluation systems, information sharing agreements (reporting requirements to relevant national/district authorities).

Impact

- 1) **Provide guidance on business cases:** VSL implementers to undertake an evidence-based assessment of the cost and possible profits of investments available to VSL groups. VSL group members should be trained in identifying viable business ideas.
- 2) **Strengthen capacity building:** Implementers to develop a sector-wide capacity building curriculum with skills development components such as literacy, accounting, and business

Effectiveness

- 1) **Define expectations, core services, and standards of VSL in Malawi:** These core services and standards need to define the basic services provided through the VSL approach and should be harmonized across the sector.
- 2) **Develop a harmonized VSL capacity building package:** It should be based on a core cycle of trainings provided uniformly to all VSL groups to ensure required skills, such as literacy, business, and accounting.
- 3) **Develop and mainstream staff training requirements:** Develop and mainstream regulations and guidelines for the training of VSL group trainers and field officers.
- 4) **Study complementary funding:** Assess the possibility of introducing complementary funding to VSL groups.
- 5) **Increase coverage:** Develop a strategy on how VSL outreach to remote areas.

Efficiency

- 1) **Develop a sector-wide M&E system:** Ensure that all implementers comply with reporting requirements, ideally through a sector-wide M&E system
- 2) **Re-consider institutional anchor:** Consider whether the VSL would be placed under the auspices of the MoGCDSW.

Institutional capacity

- 1) **Clarify roles and responsibilities:** Develop a guideline detailing a clear roles and responsibilities between Government and NGO implementers.

- 2) **Develop a framework for Government oversight:** This framework should include data sharing arrangements, national and district level coordination and planning structures, and harmonized implementation guidelines.

Sustainability

- 1) **Ensure self-management capacity of groups:** Rethink the approach, content, and sequencing of training provided to groups on the VSL methodology to reduce need for field officers to return to facilitate pay-outs
- 2) **Graduation into cooperatives:** Develop a 'graduation strategy' to facilitate the formalization of VSL groups, where appropriate, into cooperatives

Annex 1: Traffic Light Evaluation of the Social Cash Transfer Programme: Strategic Activities

Strategic Activities		
Strategic Output Target 1: Provide monthly cash transfers		
Strategic Activity		Comments
Conduct 1 day sensitization meeting with key development structures for 25 DEC meetings targeting 1,350 DEC members.		Done for 18 districts which currently implementing the programme
25 District Council Meetings targeting 1,350 Council members.		Done for 18 district council committees currently on the programme
375 ADC meetings across the country 11,100 ADC members.		Members were either incorporated at VC level in case GVH during first community meeting and trainings or in case councillors and TAs, they were part of district consultative meeting
Refurbish 25 district offices across the country.		Done for at least 17 districts where the programme is running
Procure office equipment and supplies.		As above
Conduct 19 day trainings for trainers targeting 12 TOTs for each of the 19 districts.		
Conduct 6x5 day refresher day trainings in 6 already covered districts.		During retargeting all 7 KfW districts went through a refresher in targeting processes.
Implement the cycle of targeting for 1,656 village clusters across the country targeting 165,600 beneficiary households.		Done for all 17 out of 18 districts. Thyolo is still outstanding with 7 TA yet to be targeted.
Implement cycle of retargeting for 278 village clusters.		Done for KfW districts as well as EU and Irish aid districts. For Thyolo half is covered.
Conduct 1 day 645 Community meetings to establish linkages with other programmes.		The linkages system is currently under development
Provide transport (21 vehicles) and conduct 1,642 cash delivery trips to Beneficiary Households.		
Deliver cash transfers to 193,400 households.		171,000 households currently on transfers
Strategic output Target 2: Development of the sustainable funding mechanisms		
Conduct three 1-day regional sensitization meetings with civil society organization and the private sector with 50 participants in each workshop.		Not planned neither funded. But ministry developing strategic document to support resource mobilisation and scale up efforts for SCTP
Conduct three 1-day regional awareness and sensitization meetings for 193 Members of Parliament to lobby for budgetary support.		Not planned neither funded. But occasionally ministry has engaged the social and community affairs committee of parliament to apprise with development in SCTP and lobby for budgetary support. Minister MOGCSW has also constantly rose in parliament to lobby for increased funding for SCTP.
Conduct 4 internal study tours with 7 key Ministers.		But the programme has been conducting the MOGCSW minister on tour of SCTP
Conduct 3 meetings with Donors and Partners to establish a SWAp for Social Support Programs.		
Strategic output Target 3: Develop and Implement M&E systems and tools		
Setup and install an MIS (25 database and website development) for the SCT.		
Conduct 5 (3 days) training workshops for 104 officers in SCT M&E in 25 districts (25 MISO, 25 M&EO, 25 Data Clerks, 25 Desk Officers and 4 National level staff).		One for the officers in 18 implementing districts and national level staff.
Conduct 3 day internal monitoring and supervisory visits per district, 4 national level officers per visit.		Applicable to 18 implementing districts
Conduct 4 quarterly review meetings per district involving 12 officers (DSPC).		
Conduct 4 quarterly review meetings per district involving 12 officers (DSPC).		

Annex 2: Traffic Light Evaluation of Public Works Programmes: Strategic Activities

Strategic Activities		
Strategic Output Target 1: Increase area under forestry cover, agro-forestry and fruit tree production		
Strategic Activity		Stakeholder comments
Conduct 28 district sensitisation meetings involving 1,120 DEC members and 168 community sensitisation meetings involving 3360 ADC members.		These meetings were conducted mostly at the inception stage of the programme
Conduct training sessions in Group Dynamics for 168 communities (involving 1,680 members and 2 trainers per group) in year 1.		Watershed and catchment management training conducted in all the councils across the country
Conduct training sessions covering forestation, agro-forestry and fruit tree production technologies targeting 168 PMCs involving a total of 1,680 members in the first 2 years.		
Procure 350 kg seeds, 16.8 million poly tubes, 350 kg chemicals, 3360 shovels, 1680 wheelbarrows, 6,720 watering cans 2,000 m chalk line, for 168 community nurseries in each of the 4 years		
Distribute seeds, poly tubes, chemicals and tools to 168 community nurseries in each of the 4 years.		
Conduct supervision visits involving to 168 communities to monitor transplanting of seedlings and management of woodlots and orchards annually.		
Provide seed capital for the Village Investment Fund for each of the 168 communities annually		
Strategic Output Target 2: Increase area under irrigation		
Conduct, 28 district sensitisation meetings involving 1,120 DEC members on irrigation and 140 Community sensitisation meetings involving 2,800 members on irrigation for year 1 and 140 community meetings for years 2 to 4.		
Conduct training sessions for 140 communities involving 2,800 farmers in Group Dynamics in each year for 4 years.		
Conduct training session for 140 PMCs involving 1,400 people in irrigation in each year for 4 years.		
Procure and distribute construction tools (2,800 hoes, 1,400 shovels, 280 wheelbarrows, 280 pick, and 520 knives) for 140 sites each year for 4 years.		
Conduct design studies and prepare 140 scheme designs and construct 140 irrigation schemes in each of the 4 years		
Conduct training sessions for 140 market committees involving 1,400 members each year for 4 years.		
Link 140 irrigation groups involving 3,500 members to VS&L each year for 4 years.		
Conduct 2 central level and 112 district level supervision visits involving central officials		Such visits rarely happen due to limitedness of resources
Pay wages (person days).		Wage payments have in some cases delayed
Strategic Output Target 3: Rural Roads Constructed/ Rehabilitated/ Maintained		
Conduct 28 District sensitisation meetings and 112 community sensitisation meetings on roads involving 1,120 DEC members for year 1 and 112 community meetings for years 2 to 4.		
Conduct trainings for 112 communities involving 1,120 participants in Group Dynamics in each year for 4 years.		
Conduct training for 112 PMC'S in road construction / rehabilitation / maintenance in each year for 4 years.		
Conduct field appraisal, prepare cost estimates and supervise construction involving 3 officers one day per road for 112 roads in each of the 4 years.		
Provide seed capital for the Road Maintenance Fund for 10,000 km (MK4,200 / person/km/month - cumulative over 4 years)		
Conduct 2 central levels, 112 district supervision visits involving 4 central officials lasting 4 days per visit and 6 district officials lasting 2 days per visit.		
Pay wages (person days).		
Pay wage administration costs.		
Strategic Output Target 4: Increase in Land Area under Soil and Water Conservation		

Conduct 28 District sensitisation meetings involving 40 people per District (1,120) on soil and water conservation and 140 community sensitisation meetings on soil and water conservation for year 1 and 140 community meetings for years 2 to 4.	Yellow	
Conduct training involving 5 communities per District, 10 people per community with 2 facilitators for 140 communities in Group Dynamics in each year for 4 years.	Green	
Conduct training for 140 PMCs in on soil and water conservation.	Yellow	
Procure and distribute 1,000 tonnes vertiver seedling packs, 560 shovels, 280 wheelbarrows, 140 line levels, for 140 community nurseries in each of the 4 years.	Green	
Conduct 10 supervision visits to 5 sites involving 1 officer and 140 communities to monitor soil and water conservation practices (agro-forestry, vertiver planting, contour ridges, box ridges, contour bunds).	Green	
Conduct 2 central level, 112 district supervision visits involving 4 central officials.	Green	
Conduct 10 supervision visits to 5 sites involving 1 officer and 140 communities to monitor soil and water conservation practices (agro-forestry, vertiver planting, contour ridges, box ridges, contour bunds).	Green	
Pay wages (person days).		
Strategic Output Target 5: Improve Harnessing of Water Resources		
Conduct 28 district sensitisation meetings involving 40 people per DEC (1,120 officers) on irrigation and 140 Community sensitisation meetings on water harvesting facilities for year 1 and 140 community meetings for years 2 to 4.	Yellow	
Conduct training session for 140 communities involving 5 communities per district and 10 people per community with 2 facilitators in Group Dynamics in each year for 4 years.	Yellow	
Conduct training sessions for 140 PMCs in water harvesting facilities in each year for 4 years.	Yellow	
Procure and distribute construction tools.	Yellow	
Conduct 140 design studies prepare 140 designs of water harvesting facilities and construction of 140 water harvesting facilities in each of the 4 years.	Red	
Conduct 2 central level, 112 district supervision visits involving 4 central officials.	Red	
Wages (person days).		

Annex 3: Traffic Light Evaluation of School Meals Programmes: Strategic Activities

Strategic Activities for School Meals Programmes		
Strategic Output Target 1: Implementation structures put in place		
Strategic Activity		Stakeholder comments
SHN dept. conduct human capacity gap analysis for SMP delivery at all levels.		
Develop posts and Job Descriptions for people needed (28 district SMP monitors; 4 HQ: 2 procurement, 1 PPP, driver).		
Procure equipment and secure space for 4 central level personnel and provide for running costs.		
Strategic Output Target 2: All qualified personnel in place with the appropriate equipment		
Recruit required personnel (28 SMP monitors; 2 procurement officers; PPP officer and driver).		
Support personnel costs (training and salaries).		
Strategic Output Target 3: M&E system and tools developed and implemented, M&E system linked to EMIS		
Merge / Revise M&E system linked to EMIS: Conduct 3 meetings over 2 months with 10-member task force (MoE SHN, EMIS, WFP, Mary's Meals and a consultant).		SHN/SMP Indicators were incorporated in the EMIS and will be reported on a constant predictable basis
Assess, procure equipment (if needed) in the 28 targeted vulnerable education districts for DSHNC & SMP monitors.		
Run training course on the use of the M&E tools to collect and process the data. (Target 118 staff from education districts 28 DEMs, 28 DSHNC, 28 SMP monitors, 28 EMIS; 6 education divisions; and 6 facilitators from MoE HQ M&E & SHN).		
Carryout 2 support visits (then regular SHN monitoring) involving 12 people from HQ/Division to 28 districts.		This has been happening but not on a regular basis
Strategic Output Target 4: Resource allocation in national budget for TS-SMP		
Sensitise and create awareness targeting relevant Ministries and stakeholders (Target 400 people (parliament, sector leaders, DPs); 1 event / biannually)		Not done on a consistent basis
Strategic Output Target 5: Mechanism for public-private partnership developed and operationalized (Game, banks, Illovo, Toyota Malawi to construct school kitchens as part of corporate social responsibility)		
Conduct at least 1 meeting / quarter with potential private sectors to support TS-SMP.		
Sign at least 2 MOU partnership agreements /year.		
Strategic Output Target 6: Linkages with other sectors strengthened		
MoE SHN negotiate with other sectors (MoGCCD, MEPD, MoLG) to provide support necessary to VC in TS-SMP areas.		
Quarterly District SHN meetings (subgroup of DEC).		Some districts have been having them, others not
Prepare, print and disseminate MoE SHN bi-annual SHN newsletters.		
Strategic Output Target 7: Support to VC from other sectors		
DSHNC & DSWO - create electronic district database/ mapping for support available to VC in all 34 education districts, meet with DEC, DPD, etc.		
DSHNC & DSWO - Print & Distribute appropriate sections of the database to 5,300 schools and sensitize all head teachers to services available, work with head teachers to fill in the gaps where VCs need support.		
Strategic Output Target 8: Increase level of awareness of institutional energy options available		
Conduct a Energy Workshop with field visits for school meals partners and energy partners. By the end of the workshop have 15 potential pilot schools.		
Strategic Output Target 9: Develop and test a menu of locally adaptable suitable energy source options		
MoE, MoNREE develop and run 1 year pilot on energy options with at least 15 targeted vulnerable school communities. Select and Assess 15 schools to determine best energy options to pilot.		
Procure equipment / build as needed (biogas, fuel efficient stoves, solar, hydroelectric).		
Central level provides 2-day Training for 15 Food Committees on last day invite and sensitize 15 school communities (50 people in each community).		Implemented irregularly
Conduct 2 pilot monitoring visits, 2 Review Meetings and carry out documentation.		

Strategic Output Target 10: 2,250 Vulnerable Schools supported to implement the appropriate energy supply options		
1 Training and 2 support visits per school, then regular SHN monitoring. 2,235 targeted vulnerable schools (2,235 = 2,250 vulnerable -15 pilot).		Irregularly done
Strategic Output Target 11: Standardised infrastructure specifications developed		
Assess targeted schools for infrastructure needs. Start with WFP/MM to merge databases for current 989 schools and develop form for DSHNC to fill in gaps in the database for their district in 28 targeted vulnerable education districts; provide communication units.		Partly done
MoE SHN, EIMU, DPs Meet to standardise the kitchen, storeroom and dining areas specifications. Start with WFP/MM to merge standards.		Enforcement of this happened in 2016
Strategic Output Target 12: TS-SMP infrastructure built in 1,853 schools		
Utilise linkages with PWP for TS-SMP infrastructure. SHN Dept/National PWP work with 28 DEMs to include in DIPs and DEPs and assist school committees to write proposals to District PWP; also support with communication.		Linkages least explored
Build infrastructure in 1,853 schools (WFP/MM already in 532). Procure & deliver external items as needed: cement, wood, iron sheets, rebar, and local artisan. DEMs communicate with National SHN or EIMU to update national database on SMP infrastructure.		
Strategic Output Target 13: Awareness and understanding created within targeted schools and communities		
28 DSHNCs Conduct 2 sensitisation and awareness meetings with 550-600 new school communities per year on the TS-SMP.		Awareness meetings were conducted but as not stipulated in the targets
Public awareness SMP campaign (2 annually) in the popular media.		Implemented irregularly
Strategic Output Target 14: Capacity to manage and implement the programme built		
28 DSHNC conduct Food Committee / SMC trainings in each school on how to deliver the SMP.		Trainings have been done but not as required
Implement CSB School Meals Procurement & Delivery CSB to start (Target ~550 schools in 28 districts / year (about 18 schools/district / year); 25 kg bag CSB = 2,100mk w/delivery, etc. = 250 children), including current 989 schools run by WFP/MM as they will handover to government.		Handover did not happen, WFP and other orgs reaching more schools
Support schools handover and train new Food Committee Members when turnover occurs, DSHNC monitor during regular SHN monitoring.		
Home Grown School Meals: DSHNC with DSNC (FNO) assist school communities to grow their own foods to supply the SMP. Target 500 schools in 28 district/year.		MoE is able to reach over 500 schools now but initially it was not
Strategic Output Target 15: Menu of suitable, locally available and nutritious meal options developed		
Develop 1 electronic nationwide database of local food producers and their products appropriate to SMP.		Not done
Run 1 year pilot to test acceptability of different Meals Options for SMP. 200 schools in 4 districts, trying different possibilities. DSHNC and Nutrition Officer from MoH or MoA do sensitizations, develop/test 10 products.		Different meals have been tried but with limited options (porridge, energy biscuits, etc)
2 pilot monitoring visits by central level staff, 2 review meetings and documentation of experiences / lessons.		These have been happening but not regularly

Annex 4: Traffic Light Evaluation of Micro-Finance Programmes: Strategic Activities

Strategic Activities		
Strategic Output Target 1: Creation of Apex fund		
Strategic Activity		Comments
Conduct advocacy meetings/workshops with various stakeholders on the need for establishment of an APEX fund.		Creation of Apex Fund discussed during a few meetings but workshops have not yet take place
Develop a business plan (including feasibility study evaluating committee), legal framework and guiding principles for the administration and management of the fund.		Unavailability of funds
Establish and support a body for administration and management of Microfinance Fund.		Unavailability of funds
Provide funding for the Apex Fund.		Unavailability of funds
Ensure Apex Fund extends loans to Microfinance institutions through quarterly investment committee meetings.		Apex fund not yet in place
Conduct annual survey of fund recipients to ensure targets are met.		Apex fund not yet in place
Annual audit of APEX fund.		Apex fund not yet in place
Strategic Output Target 2: Strengthened operations and management of Microfinance Institutions		
Recruit and pay staff within research unit within MAMN (head of unit + statistician).		Unavailability of funds
Recruit and pay staff within training unit within MAMN (Head of training + 2 training officers + training coordinator).		Unavailability of funds
Organise annual meetings of the Microfinance Forum.		Unavailability of funds
Organise quarterly meetings for the Microfinance Forum committees (Committees: financial inclusion, resource mobilisation, capacity building, insurance, enabling environment)		Meetings and forums have taken place although not adequate
Strengthen supervisory capacity (within Reserve Bank, MAMN and MUSCCO) to enforce the Microfinance Act and Financial Cooperatives act and to support compliance.		Unavailability of funds
Develop and manage IMS in the Reserve Bank and support compatibility with MFIs IMSs.		Unavailability of funds
Conduct training needs assessment for MFI staff.		Unavailability of funds
Conduct stakeholder workshops with institutions of higher learning on the need for development of Microfinance related courses.		Unavailability of funds
Develop Curriculum for Microfinance Course at institutions of higher learning.		Unavailability of funds
Fund short-term Microfinance training courses.		Unavailability of funds
Fund 4 year Bachelor's degrees in Microfinance.		Unavailability of funds
Conduct annual impact assessment of Microfinance.		Unavailability of funds
Create a business plan for a credit reference bureau for MFIs (once National ID introduced).		Unavailability of funds
Establish and support the bureau.		Unavailability of funds
Strategic Output Target 3: Increased number of well managed and stable businesses		
Conduct training needs assessment.		Capacity needs assessment of Microfinance Institutions conducted
Develop training guidelines.		Unavailability of funds
Identify and select implementing agencies such as MFIs, NGOs, community based organizations, and government agencies involved in adult literacy activities.		Unavailability of funds
Conduct training workshops for implementing agencies.		Unavailability of funds
Provide financial support to implementing agencies to train clients.		Unavailability of funds
Monitor MFI training programs.		Unavailability of funds
Strategic Output Target 4: Increased presence of MFI services in rural areas.		
Survey MFIs to identify where MFIs are non-existent or have limited operations, and ask why this is the case.		Ministry of Finance is in the process of conducting mapping exercise
Produce questionnaire of why MFIs are not in these areas.		
Act to remove constraints or provide appropriate incentives for microfinance service providers to expand to these areas (e.g. Infrastructure, hardship funds).		
Provide information to MFIs on beneficiaries of other social support programs.		Ministry of Finance has linkages and referral mechanisms
Strategic Output Target 5: Development of Microfinance Policy		
Organise a workshop for relevant government ministries.		Done
Develop policy framework.		Done but yet to be finalised

Annex 5: Traffic Light Evaluation of Village Savings and Loans Programmes: Strategic Activities

Strategic Activities	
Strategic Outcome 1: Increased Household Incomes	
Strategic Activity	Stakeholder comments
Strategic Output Target 1: Increase number of persons participating in VS&L program	
Conduct 28 ToT trainings targeting 560 officers on VS&L methodology.	
Provide ToT training targeting 5,600 Village Agents (VAs) on the VS&L methodology.	
Conduct one training session for 28 M&E Officers on VS&L MIS.	
Conduct sensitization meetings in 28 districts for 1,400 participants at DEC.	
Conduct 10 VS&L sensitization meetings at ADCs in 28 districts.	
Provide training to 0.7 million people in VS&L methodology.	
Conduct 1,400 cross visits/open days.	
Strategic Output Target 2: Increase Savings accumulated by VS&L Groups	
Provide ToT training to 560 FOs in Economic Activity Selection Planning and Management (EASPM).	
Provide a ToT training to 5,600 VAs in EASPM.	
Provide training to 0.5 million people in EASPM.	
Provide a ToT training to 560 FOS in livestock production (poultry/piggery) in 28 districts.	
Provide a ToT training session to 2,800 VAs on bee-keeping.	
Provide a ToT training session to 5,600 VAs in marketing basics (value chain analysis, market trends).	
Conduct a ToT training to 560 FOs in financial literacy.	
Conduct a ToT training to 5,600 VAs in financial literacy.	
Conduct 280 sensitization meetings at TA level for 1 day on linkage to MFIs and Banks.	
Conduct 56 meetings with MFIs (2 meetings per district per year).	
Provide a training session for 560 FOs in Gender and HIV/AIDS.	
Provide a training session for 5,600 VAs in Gender and HIV/AIDS.	
Strategic Outcome 3: Enhanced Agricultural Production	
Strategic Output Target 1: Increased Food Self-Sufficiency at Household Level	
Conduct 1,400 farmer to farmer visits for 32 people per visit.	
Establishment of 1,400 farmer field schools (manure making, seed multiplication, conservation agriculture).	
Conduct 1,400 meetings between VS&L groups and service providers in agricultural production.	
Strategic Output Target 2: Increased number of crop and livestock enterprises at the Households level	
Support formation of 350 cooperatives.	
Conduct a training to 3500 Executive cooperative members (10 per cooperatives).	
Conduct a ToT training to 560 FOs in Value Chain Analysis.	
Conduct a ToT training to 5,600 VAs in Value Chain Analysis.	
Conduct 1,700 sensitisation meetings to VS&L members on Agri-enterprises based on value chain analysis results.	
Conduct 250 meetings between VS&L groups and service providers in agricultural production.	