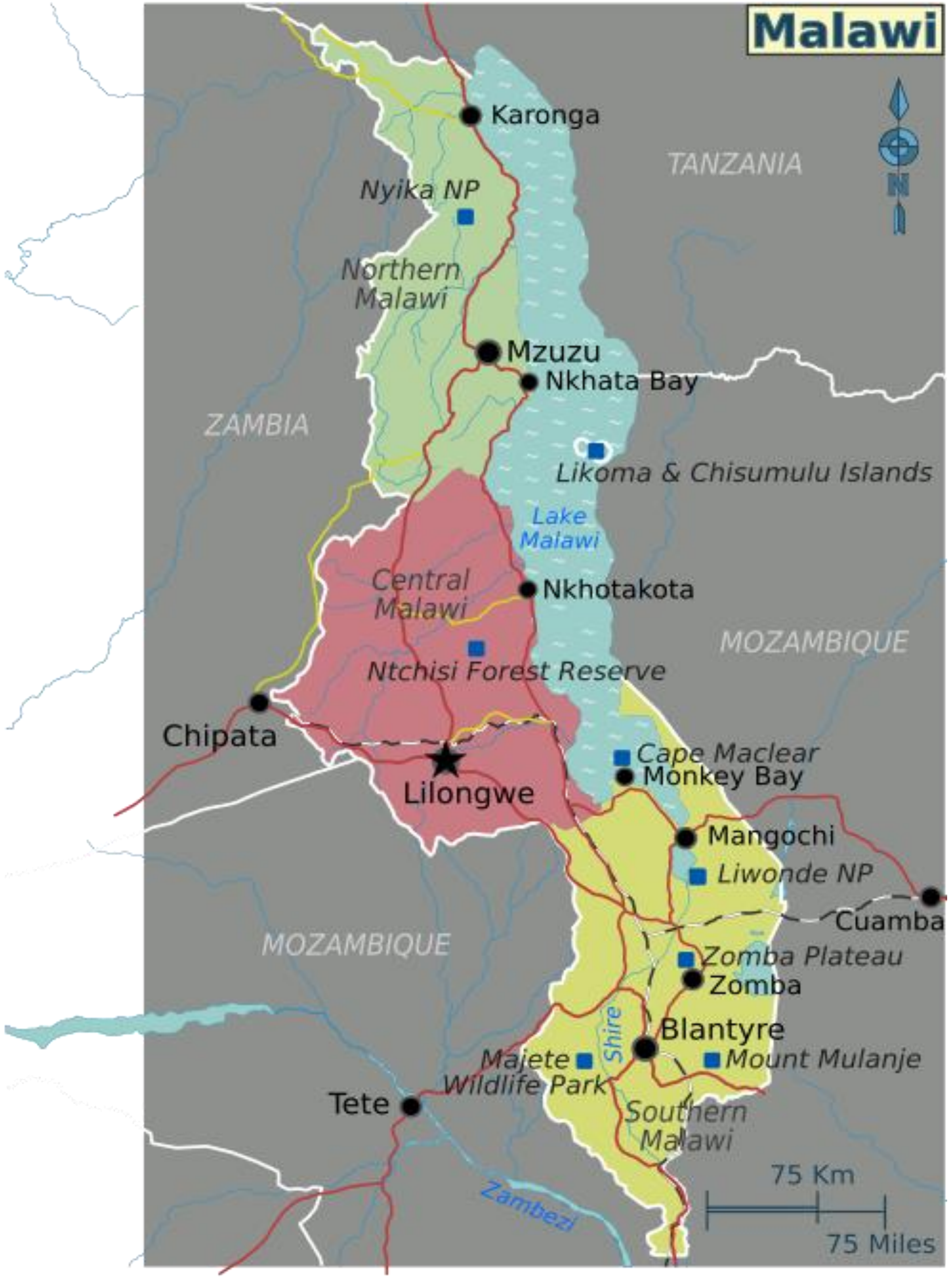
Malawi's Policy Response to the Triple Crisis

Interregional training workshop on strengthening capacity for evidence-based social protection policies for responding to the triple global crisis in fuel, food and finance

Livingstone, Zambia

Country Context & Development Challenges

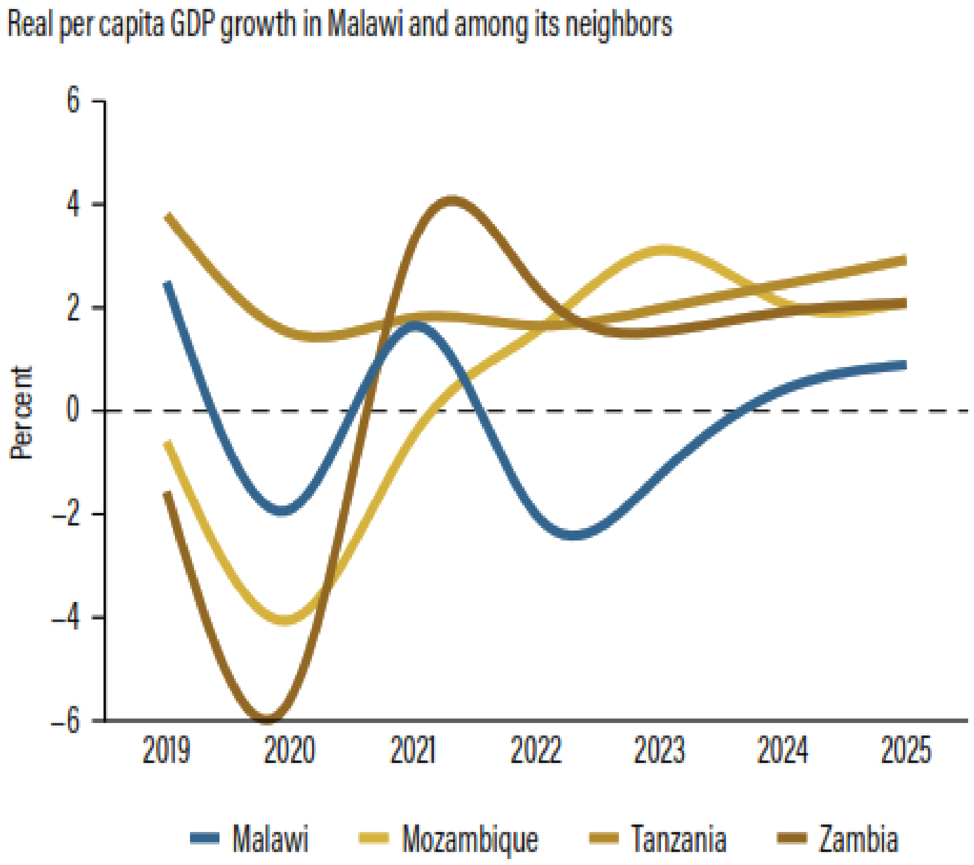


- **3 Regions**
- **28 Administrative Districts**
- **Agrarian Economy**
- **Vulnerable to: climatic shocks, pandemics, economic instability**

Population[1] million **21.7**	Poverty[2] millions living on less than $2.15/day **13.3**
Life expectancy at birth[3] years **62.9**	School enrollment[4] primary (% gross) **135.4**
GDP[5] current US$, billion **11.0**	GDP per capita[6] current US$ **508.4**

Sources: WDI, MFMod, and official data. 1/ 2024. 2/ 2019 (2017 PPPs). 3/ 2022. 4/ 2023. 5/ 2024. 6/ 2024.

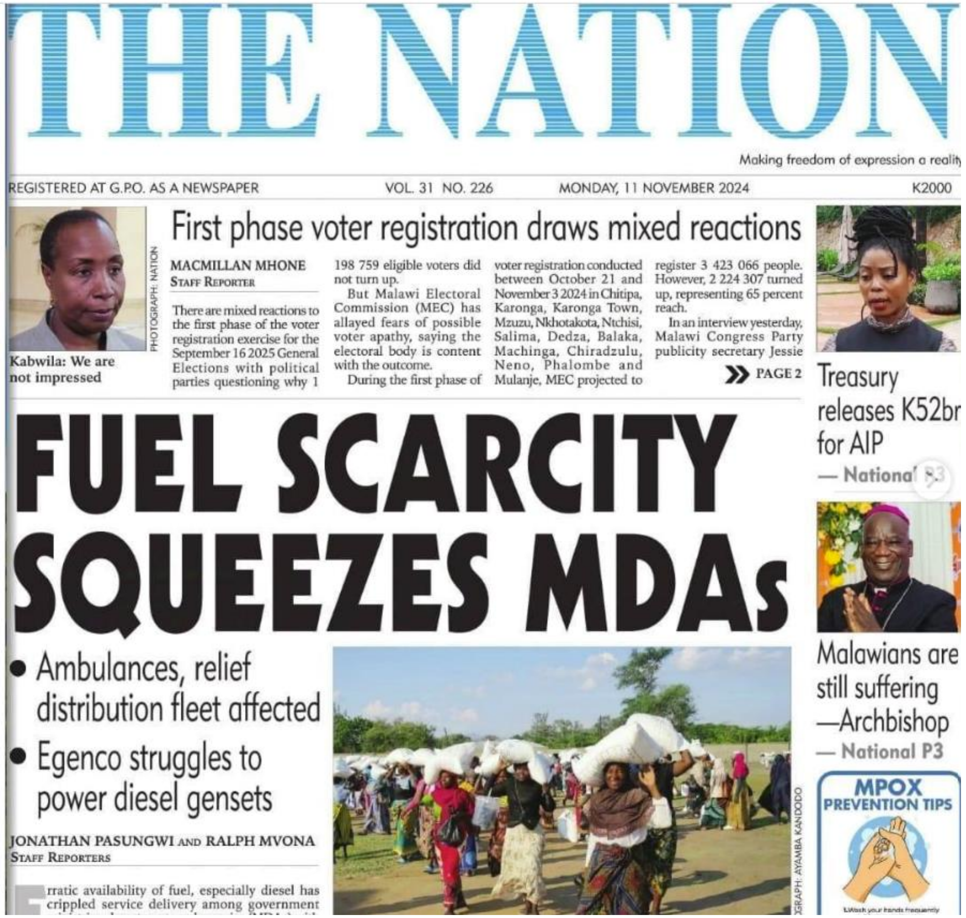
Malawi's Economic Performance



Source: World Bank Macro Poverty Outlook (MPO) (4/2024).

- Highest inflation rate among its neighbors.
- Highest fiscal deficit
- Second highest debt-to-GDP ratio
- Second widest current-account deficit
- Lowest real per capita growth rate

Scarcity and surge in fuel



THE NATION

Making freedom of expression a reality

REGISTERED AT G.P.O. AS A NEWSPAPER VOL. 31 NO. 226 MONDAY, 11 NOVEMBER 2024 K2000

First phase voter registration draws mixed reactions

PHOTOGRAPH: NATION

Kabwila: We are not impressed

MACMILLAN MHONE
STAFF REPORTER

There are mixed reactions to the first phase of the voter registration exercise for the September 16 2025 General Elections with political parties questioning why 1 198 759 eligible voters did not turn up.

But Malawi Electoral Commission (MEC) has allayed fears of possible voter apathy, saying the electoral body is content with the outcome.

During the first phase of voter registration conducted between October 21 and November 3 2024 in Chitipa, Karonga, Karonga Town, Mzuzu, Nkhotakota, Ntchisi, Salima, Dedza, Balaka, Machinga, Chiradzulu, Neno, Phalombe and Mulanje, MEC projected to register 3 423 066 people. However, 2 224 307 turned up, representing 65 percent reach.

In an interview yesterday, Malawi Congress Party publicity secretary Jessie

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Treasury releases K52br for AIP
— National P3

FUEL SCARCITY SQUEEZES MDAs

- Ambulances, relief distribution fleet affected
- Egenco struggles to power diesel gensets

JONATHAN PASUNGWI AND RALPH MVONA
STAFF REPORTERS

Erratic availability of fuel, especially diesel has crippled service delivery among government

PHOTOGRAPH: AYAMBA KANDODO

Malawians are still suffering —Archbishop
— National P3

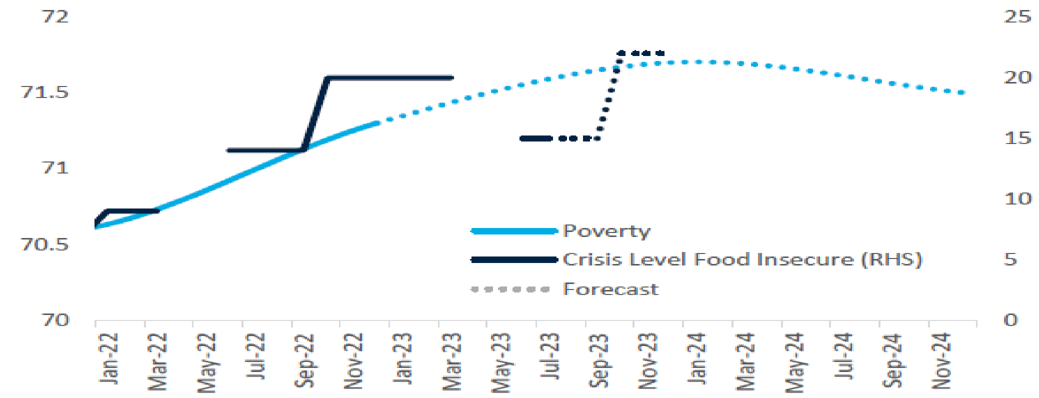
MPOX PREVENTION TIPS

1.Wash your hands frequently

- Malawi has been grappling with a fuel crisis that has disrupted daily life, crippled vital sectors, and exposed glaring weaknesses in fiscal discipline and planning.
- Fuel shortages wreak havoc on transportation, education, healthcare, and public and private sector operations.
- A spike in fuel costs is forcing many people to spend a larger share of their limited income on fuel.
- Higher energy costs are deterring the poor and vulnerable from using transportation, thus affecting their access to essential health services.

Increasing poverty and vulnerability to shocks

Poverty and Food Insecurity. Poverty at USD 2.15 PPP and acute crisis-level food insecurity or above, share of total population.



Source: World Bank Macro-Poverty Outlook and MVAC IPC Report

PROJECTED ACUTE FOOD INSECURITY OCTOBER 2024 - MARCH 2025

5.7 M

28% of the population analysed

People facing high acute food insecurity (IPC Phase 3 or above)

IN NEED OF URGENT ACTION

Phase 5	**0** People in Catastrophe
Phase 4	**416,000** People in Emergency
Phase 3	**5,276,000** People in Crisis
Phase 2	**6,751,000** People Stressed
Phase 1	**7,827,000** People in food security

Key Drivers

Climatic shocks:

El Niño impacted food security by causing a delayed onset of rains and prolonged dry spells that led to crop loss in the southern region and some districts in the central region. The country has registered a 17 percent decrease in maize production in comparison to last year. This has significantly contributed to decreased food availability, increased prices, and limited access to food, leading to heightened food insecurity in the affected areas.

High food prices:

Households with limited financial resources are finding it increasingly challenging to purchase enough food to meet their dietary needs with average maize prices being 160 percent above the five-year average but 17 percent lower than same time last year. The 2023 high cost of agricultural inputs, such as seeds, fertilizers, and pesticides has created a rebound effect on staple prices.

Economic decline:

The country's ongoing economic instability, high commodity prices, and inflation (32.3 percent year-on-year inflation rate for April 2024), is driving food insecurity, particularly in areas experiencing climatic shocks. Additionally, the import cover is below the internationally accepted standard of less than three months.

Poverty and Inequality

- **70% of population currently under the $2.15 international poverty line**
- **46% of national income being held by the top 20 % of the population**

Why?

- Structural and Fiscal constraints – low domestic revenue mobilization, forex shortage, inflation
- Unequal access to quality education - poor households often cannot afford education beyond primary level
- Gender disparities - Female-headed households are poorer and more vulnerable.
- Gender gaps due to early marriage & child-birth; financial constraints to education (46% of girls marry < 18years, 9% of girls marry < 15 years)
- Climate and Environmental Vulnerability - droughts, floods, and cyclones disproportionately affect poor households with limited coping capacity
- Limited social assistance/protection programs – not universal, some vulnerable people left out

Measuring Poverty: Multidimensional Poverty Index

- Malawi Produced the First Multidimensional Poverty Index in 2020 using data from the Forth Integrated Household Survey (IHS4) conducted in 2016/2017. The current M-MPI has been produced using data from the Fifth Integrated Household Survey (IHS5) conducted in 2019/2020.
- The index assesses the simultaneous deprivations experienced by people in a society, based on several identified dimensions of poverty in a particular setting.
- Used alongside monetary poverty measure to gauge the state of poverty in a society.
- Monetary poverty assesses income or consumption-expenditure poverty, according to pre-defined national poverty lines while the multidimensional poverty measure assesses key non-monetary dimensions of poverty existing in a community.

Methodology

Alkire-Foster Method

The method uses three key statistics to measure poverty levels and these are:

- Incidence or headcount ratio (H)-the proportion of the population who are multidimensionally poor.
- Intensity (A)-the share of indicators multidimensionally poor people are deprived in on average.
- MPI or adjusted headcount ratio (the multidimensional poverty index), which is the product of incidence and intensity (MPI = H × A).
- 61.7 percent of Malawi’s population are multidimensionally poor.

Government Responses

Global Accelerator on Jobs and Social Protection for Transition Initiative: Pathfinder Country

- Launched by UN Secretary General in Sept 2021 to assist countries address multiple crises, accelerate economic recovery, investing in decent jobs and social protection while facilitating Just Transitions for all.
- In Sept 2022, Malawi expressed a high-level commitment to accelerate efforts towards jobs and social protection for just transitions with the financial and technical support of the international community.
- GoM led the process of developing a "ROADMAP" for ownership, commitment and leading the implementation. The roadmap provides a tailored implementation strategy for the GA for Malawi within the context of Malawi 2063.
- Malawi mobilized USD 1.8 million from the Global SDG Fund to kick-start implementation through an upcoming Joint Programme focused on employment, social protection, and agricultural value chains.
- GA roadmap and Joint Programme envisaged to be launched before end July 2025.

Tackling Poverty and Inequality through Key Programmes

1 Social Cash Transfer Programme (SCTP)

- Provides predictable and regular cash assistance to ultra-poor and labour-constrained households.
- Supports about 382,457 ultra poor households after retargeting, covering roughly 6% of all households in the country and almost 1.3 million people.

Objectives		
Reduce poverty and extreme hunger among ultra-poor hhds and in any of the categories with: children 2years and below; member/s living with disabilities; child headed household (below 18years); elderly member/s 65years above; and member/s with chronic illness.	Improve the nutrition, economic and general well-being and protection	Increase school enrollment of children

- Average transfer amount: k15,000.00 ($8)
- Secondary School Bonus: MK4,000 ($2.13)
- Primary school Bonus: MK2,000 ($1.1)

- A recent evaluation uncovered proof that households tend to use the cash they receive wisely, as transfers were used to purchase food and to invest in education, health services and productive assets.
- Children in SCTP beneficiary households were 12% and 16% more likely to be enrolled in primary and secondary school, respectively.
- Every dollar disbursed by SCTP generated US$1.69 for the local economy, a powerful multiplier effect showing that investments in social protection generate a highly positive economic return.

However, inflation and currency depreciation have eroded the real value of the average SCTP transfer, jeopardizing the achievements of the program. A further increase in 2025 may be necessary to maintain the program's impact

2 Climate Smart-Enhanced Public Works Programme (CS-EPWP)

- The CSEPWP has been instrumental in creating sustainable community assets through the implementation of watershed restoration activities by ultra-poor households with labour capacity.
- The Programme aims to create visible, durable, and quality assets within micro-catchments, improve household resilience to shocks, increase household-level incomes and food security, and reduce exposure to climate change and disaster-related risks.
- Government has scaled up coverage from 435,000 households in 2022 to over 520,000 households in 2024, with each participant receiving MK 48,000 (28 dollars) per 30-day working phase.
- Activities such as afforestation, watershed management, and climate-resilient infrastructure development continue to provide immediate economic benefits while contributing to long-term environmental sustainability and disaster risk reduction.

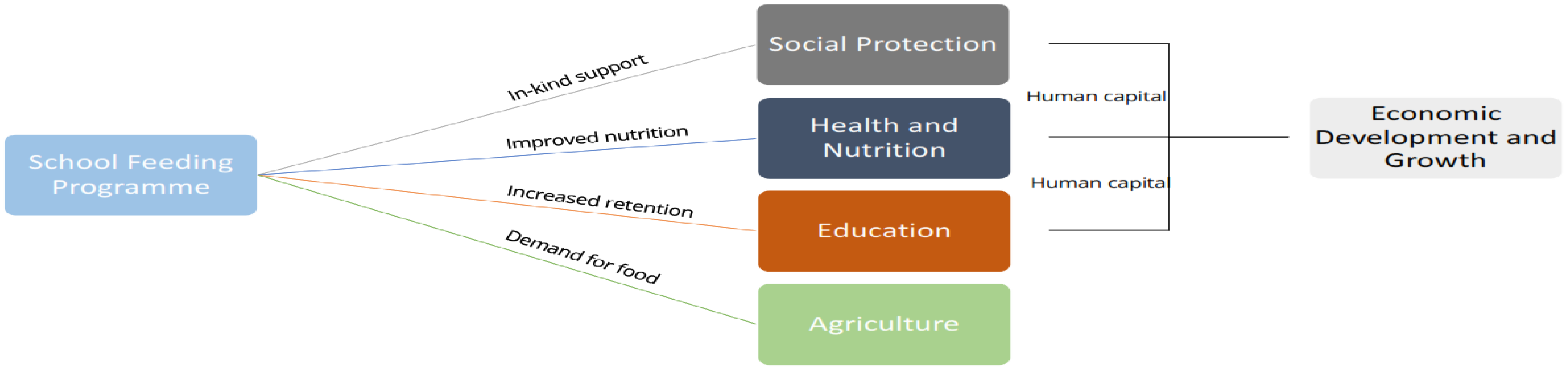
3 School Feeding Programme:

- **Objective:** To improve childhood nutrition, increase children's ability to concentrate and learn in class, promote enrolment and regular attendance, and reduce drop-out rates.

- **Modality:** Home-grown (production or grants)

- **Coverage:** About **2,220** public primary schools, with over **2.2** million learners directly benefitting from the programme.

Multisectoral benefits of the school feeding programme



4 Cash Plus Approach - Livelihood support

- Provides households with ancillary assistance aimed at enhancing their productive capacity.
- Concentrates on fostering the development of income-generating activities by small grants aimed at self-employment or microenterprise creation and supporting the formation of savings' groups; skills development through trainings on topics like business planning, bookkeeping, and group mobilization; as well as financial literacy and inclusion through the promotion of digital payments and the use of mobile money and other financial technologies.

- **Savings and Loan Groups (SLGs) -** a livelihood intervention directed towards achieving financial inclusion of the ultra-poor to help them gain resilient livelihoods.
- Coverage: Over 61,880 SLGs registered under the Department of Community Development
- Comprising 279,826 male members, and 896,800 female members, representing 24% and 76% respectively.

Social Protection: Scalable Mechanism

- Provides cash transfers of MK50,000 ($29) per month per household for 2 months to the drought affected districts.
- Builds on core programs: 10% SCTP and 7% CSEPWP.
- Leverages MSR data to quickly identify and provide support to beneficiary households that are affected by droughts using early season and full season drought Indexes.
- 64,364 households received transfers in 2024/25 season in 9 drought affected districts.

Social Protection: Adaptive Crisis Response Tool

1 The COVID-19 Urban Cash Initiative (CUCI)

- Malawi's first major shock-responsive cash-transfer program was the COVID-19 Urban Cash Initiative (CUCI) implemented in 2020.
- The initiative aimed at mitigating the adverse impacts of the pandemic on livelihoods, human capital accumulation, and basic consumption among poor households in the cities of Lilongwe, Blantyre, Zomba, and Mzuzu.
- Targeted 35% of each city's population.
- In 2021, about 199,000 households received the equivalent of the minimum wage at the time, MK 35,000 (about US$45), per month for three months.
- CUCI was the first cash-transfer program in urban centers and in a number of areas where no regular social safety net had previously existed.
- Close to 70% of CUCI beneficiaries spent at least part of their benefit on food, with an average of 30% of the total payment devoted to food purchases.
- The second largest share of CUCI benefits went to protecting businesses, with about 45% of beneficiaries using an average of 40% of the provided benefits for this purpose.
- About one-third of CUCI recipients used about 25% of the funds to support their children's education.

Emergency Cash Transfers in Response to Floods, Tropical Cyclones, and Price Shocks

No.	Crisis	Government Response
1.	**Cyclone Idai (2019)**	• SCTP support scaled up, added 31,587 beneficiary households in five affected districts
2.	**Cyclone Ana (2022)**	• Impacted communities, displacing thousands and destroying critical infrastructure • 135,919 affected households supported with cash and in-kind assistance amounting to MK 54,000 for three months facilitating their recovery and rebuilding efforts.
3.	**Cyclone Freddy (2023)**	• Over 1,200 people killed, livestock and infrastructure destroyed • About 195,000 households (about 875,000 people) across 9 affected districts received MK 150,000 to bolster their resilience. • Another 67,000 households in five additional districts received a combination of support to mitigate the impact of Cyclone Freddy, inflation, and food insecurity.
4.	**Price Shock Urban Emergency Cash Transfer Intervention (2023)**	• This initiative targeted 105,000 households in Zomba, Blantyre, Mzuzu, and Lilongwe cities, with beneficiaries receiving a total of MK 150,000 over three months • To mitigate impact of rising food and commodity prices on urban households
5.	**El Niño Response / Lean Season Response (2024)**	• 164,930 vulnerable households received cash and in-kind assistance across the affected districts • Assistance provided to food-insecure households to mitigate the impact of prolonged droughts and erratic rainfall patterns

Institutional Advances in Social Protection

1 National Social Protection Policy (NSPP) 2024–2029

- Launched in 2025
- Anchored in Malawi 2063 and aligned to SDG 1.3.1 (towards universal social protection)
- KPA's:

I. Social Safety Nets
II. Resilient Livelihoods Promotion
III. Nutrition-Sensitive Social Protection
IV. Shock-Sensitive Social Protection
V. Social Security
VI. Creating an Enabling Environment for Social Protection System
VII. Cross-Cutting Issues

2 National Social Protection Strategy

- Under development to operationalise NSPP

3 Malawi Social Registry

- A national platform used for entering, storing, accessing and sharing household data for implementation of social protection and other programmes in Malawi
- Enables the targeting of poor and vulnerable households across different programs.
- Registered - 4.2 million households = 17 million people – 27/28-Districts (77% of national population)
- (96% of the Rural Population)
- Plans to go to Urban Areas [2 out of 4 Cities by end of 2025]
- Dynamic updates through system integration and on demand registration.

4 Digital Payments

- Expansion of e-payments via mobile money and bank accounts for SCTP and CS-EPWP.in all districts.
- Adoption of the choice model – beneficiaries to select desired service providers.
- Efficient and timely delivery of benefits, reducing delays, errors, and fraud typically associated with manual processes.

5 Harmonized Grievance Redress Mechanism (HGRM)

- A case management system that provides a user-friendly, inclusive platform for handling complaints and appeals.

6 Coordination and Governance Improvements

- Developed National and District social protection coordination guidelines.
- Regular NSPTC (National Social Protection Technical Committee) meetings
- Regular NSPSC (National Social Protection Steering Committee) meetings
- Social Protection Week

Government Commitment: Social Protection Financing

- Malawi’s spending on safety net programs remains below the regional average.
- Donors provide over 95% of the resources going to the social protection system.
- Tight fiscal constraints continue to inhibit the allocation of additional domestic resources to the sector.
- Malawi is therefore developing a social protection domestic financing strategy - a financing framework designed to gradually formalize social protection as a standard expenditure item in the national budget.

THANK YOU

Questions? Queries? Big Shouts?