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ANNEX

of the Commission Decision on the individual measure in favour of the Republic of Malawi to be financed from the 11th European Development Fund

Action Document for the Social Support for Resilience Programme (SoSuRe)

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF in accordance with Article 37 of the Regulation (EU) 2015/323 in the following sections concerning grants awarded directly without a call for proposals: Sections 5.4.1 and 5.4.2.

1. Title/basic act/ CRIS number	Social Support for Resilience Programme (SoSuRe) CRIS number: FED MW/2017/040-036 financed under the 11 th European Development Fund			
2. Zone benefiting from the action/location	Malawi The action shall be carried out at the following location: Malawi at national level.			
3. Programming document	Republic of Malawi- European Union, National Indicative Programme 2014-2020			
4. Sector of concentration/ thematic area	Sustainable Agriculture	DEV. Aid: Yes ¹		
5. Amounts concerned	Total estimated cost: EUR 50 000 000 Total amount of EDF contribution: EUR 50 000 000			
6. Aid modality(ies) & implementation modality(ies)	Project Modality Indirect management with Kreditanstalt für Wiederaufbau (KfW) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) Indirect management with Malawi Direct management: grants (direct award)			
7 a) DAC code(s)	16010 - Social/ welfare services – 90%			
b) Main Delivery Channel	Third Country Government (Delegated co-operation) - 13000 Recipient Government - 12000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	governance			
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships				
10. Sustainable Development Goals (SDGs)	<p><u>Main SDGs</u> Goal 1 – End poverty in all its forms everywhere. In particular, target 1.3, implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable ; Goal 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture. In particular, target 2.2, by 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons</p> <p><u>Secondary SDGs</u> Goal 5 - Achieve gender equality and empower all women and girls In particular, targets 5.1, 5.4, 5.a, 5.c; Goal 3 - Ensure healthy lives and promote well-being for all at all ages. In particular, targets 3.1, 3.2; Goal 10 - Reduce inequality within and among countries. In particular, targets 10.1 and 10.2; Goal 13 - Take urgent action to combat climate change and its impacts. In particular, target 13.1</p>			

SUMMARY

Poverty, compounded by vulnerability to weather-related shocks, as well as crop and livestock pests and diseases, like the recent outbreak of Fall Army Worm (FAW) affecting mainly maize crops, constitutes both a social problem and a drag on growth. This action aims to address existing food and nutrition security challenges among the poorest households in Malawi (many of which are headed by women), including through increasing their resilience to climate and other shocks within the framework of the Malawi National Social Support Programme (MNSSP). The programme supports the concept of 'breaking the cycle of food and nutrition insecurity' trying to go beyond immediate relief and addressing the root causes of vulnerability. It will do this through the following main pathways:

1) Continuing and expanding the scope of the existing support to Social Cash Transfers Programme (SCTP). The SCTP – already supported by the EU under the 10th European Development Fund (EDF) (FED/2012/023-873) – is a highly effective intervention of the MNSSP, with proven impacts, in terms of asset accumulation, food security, women's

economic and social empowerment, and livelihood diversification among the poorest households². The SCTP scope can be further enhanced by actively generating linkages to other services to reinforce resilience; by broadening the programme to specifically address more vulnerabilities; and by making the programme flexible and shock-responsive so that it can be expanded both horizontally (more beneficiaries) or vertically (bigger transfers) in response to the recurrent climate related shocks, thereby complementing the support of humanitarian donors such as the European Civil Protection and Humanitarian Aid Operations (ECHO).

2) Complementary support towards MNSSP systems strengthening. In this respect, the action could (i) support expansion and national roll-out of the pilot Unified Beneficiary Register, establishing linkages to the new national ID System and ensuring comprehensive household information for registration and targeting of social support and humanitarian interventions; (ii) build capacity and strengthen MNSSP district and community implementation structures in line with the planned innovations and expanding scope of MNSSP. It could also (iii) support the introduction of innovative and more cost-effective MNSSP payment systems.

3) Support interventions that foster greater resilience to climatic shocks and diversification of livelihoods for vulnerable households. This component could scale up proven resilience building interventions such as asset transfers; watershed management; climate smart-agriculture, Village Savings and Loans (VSL); training, coaching and skills building; which enhance poor households' ability to adapt, mitigate and respond to shocks. A combination of these interventions and social cash transfers provide strong building blocks for poor households' resilience.

Overall, the new action will address gendered forms of vulnerability across the life-course, which will lead to gains in gender equity, food and nutrition security and poverty reduction. It will further ensure that social support not only enhances the resilience of Malawi's highly vulnerable population, but also provides a platform for humanitarian response when future shocks strike, and improve efficiency by reducing recourse to parallel systems.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Malawi is a poor and disaster-prone country. In July 2016, World Bank (WB) ranked Malawi, with a gross income per capita of USD 340, among the **poorest countries in the world**. Malawi is also ranked 170 by the UN in the 2017 Human Development Report. According to national poverty line, between 2004 and 2010 overall poverty has decreased marginally, from 52.4% to 50.7%, while extreme poverty has worsened from 22.5% to 25.0%. At the international poverty line of 1.90 Purchasing Power Parity USD per day, 71% of Malawi's population live in extreme poverty, with still more people vulnerable to poverty. Women make up 51% of the population, but 67% of the poor. Malawi is the eighth most densely populated country in Africa, with a population growth rate of 2.8% per annum. Inequality is also increasing, with the Gini coefficient rising from 0.39 in 2004 to 0.46 in 2014. Prevalence of stunting in under-5 children in Malawi is around 37% and 12.3% of babies are born with low birth weights.

Recently, Malawi has also experienced adverse effects of **climate change**, with floods and droughts being the most recurrent shocks, plus emerging signs of high pest infestation. Malawi has increasingly been exposed to extreme weather conditions, seeing six very wet and

² Endline Impact Evaluation Report for Malawi Social Cash Transfer (2012-2016).

five very dry summers between 1997 and 2011. The average temperature in the country increased by 0.9°C from 1960 to 2006, showing increases in both maximum and minimum temperatures. The increasing temperatures in Malawi are consistent with global trends, as well as trends in sub-Saharan Africa, where temperatures are expected to increase by 1°C by 2030. A Food and Agriculture Organization of the United Nations study shows that the occurrence of a 1°C drought shock (i.e. 1 degree more than the upper confidence interval of the comfort zone) induces a negative drop in overall consumption per capita of about 19.9% and in food caloric intake of about 38.7%. Increased heat levels also places greater health risks to rural farmers and agricultural production.

Consequently, over the last 5 years, even in a year with normal rainfall patterns, the average **humanitarian caseload** has been between 2-3 million, out of a total estimated population of 17 million. The 2015-2016 El Niño event, recognized as one of the strongest since reliable data are available, represented an additional shock to food insecurity. Therefore, the 2016/17 agricultural season was exceptionally challenging due to acute and widespread drought; 6.7 million Malawians required humanitarian assistance: about 40% of population of the country. This strong country vulnerability to climate impacts is due to the fact that 84% of Malawians depend on rain-fed agriculture and other natural resource based livelihoods and to the poor diversification of diet habits, dominated by maize. Studies have shown that women disproportionately suffer the impacts of disasters, severe weather events, and climate change because of cultural norms and the inequitable distribution of roles, resources, and power.

1.1.1 Public Policy Assessment and EU Policy Framework

In 2012, the Government of Malawi approved its National Social Support Policy (NSSP), and established the **Malawi National Social Support Programme (MNSSP) 2012-16** to implement the policy. The MNSSP is more than a set of programmes, with its clearly structured implementation plan, governance arrangements and sequencing of key actions. It is a framework designed to ensure a coherent social support system with effective coordination and harmonization of programmes. The MNSSP was recently reviewed, prior to designing a second phase, MNSSP2, in the first half of 2017. So the timing of this action is propitious, as has been designed in close collaboration with the Government to ensure complementarity with the follow-up MNSSP. The MNSSP currently has **five intervention areas**: (1) Social Cash Transfer Programme (SCTP); (2) Public Works Programs (PWP); (3) School Meals; (4) Village Savings and Loans (VSL) and (5) Micro-finance.

Recognising the recurrent humanitarian caseload due to climatic shocks, the Government has, since 2016, spearheaded a process of consultation with development partners to develop a five-year National Resilience Plan: **Breaking the Cycle** of Food and Nutrition Insecurity in Malawi. It recognises the additional costs and inefficiencies incurred by relying on reactive emergency responses compared with proactive developmental approaches, and sets out proposals to better integrate actions under the four pillars of agriculture, humanitarian, social protection, and disaster risk management. The plan includes a budgeted work plan, an implementation plan and a monitoring and evaluation framework, and recognises the need “to integrate nutrition, gender and HIV and AIDS”. One of its objectives is to ensure proper coordination and linkages of social support programmes. In fact, the plan views the review of the MNSSP as an opportunity to explore synergies between the NSSP, humanitarian response and disaster risk management.

Malawi has a National Gender Policy, whose overall policy goal is “to mainstream gender in the national development process in order to enhance participation of women and men, girls and boys for attainment of sustainable and equitable development”. Among its policy objectives, of relevance to this action are: “to strengthen gender mainstreaming in the agriculture, food and nutrition security sector...and in the natural resources and environment and climate change in order to achieve equality and sustainable environmental development”; and “to reduce poverty among women and other vulnerable groups through economic

empowerment”. The 2016-2020 Implementation Plan for the 2013 Gender Equality Act has an objective “to reduce poverty among women and other vulnerable groups”. And the National Action Plan for Women Economic Empowerment 2016-2021 has a priority action area to “provide direct cash transfers to vulnerable groups of women”.

Generally, the NSSP is fully consistent with the **EU’s own policy framework**, as articulated in the EC’s Communication on Social Protection in EU Development Cooperation COM (2012) 446, which places the development of comprehensive social protection systems at the centre of partners’ national development strategies. The primacy of the SCTP as the flagship for the NSSP also sits well with the priorities of the EU, which see rights-based entitlement programmes, in particular in the form of unconditional cash transfers, as a suitable vehicle for social protection. The proposed plan to enhance linkages between social protection and resilience interventions is in line with “The EU Approach to Resilience- Learning from Food Crises” COM (2012) 586 as well as the Proposal for a new European Consensus on Development Our World, our Dignity, our Future COM (2016) 740 where emphasis is on helping build poor households’ resilience to climate change and helping them to adapt to climate change through livelihoods diversification. Also, with its focus on the rural poor, the majority of whom are dependent on agriculture for their livelihoods, it is consistent with EU policies on support to food and nutrition security and sustainable agriculture in partner countries. Finally, it is also consistent with the EU’s Gender Policy Framework and Gender Action Plan which promote economic and social rights and empowerment of girls and women through the provision of national social protection floors. It also reflects the Sendai Framework for Disaster Risk Reduction in stressing the unique role of women and girls in building resilience, reducing vulnerability and managing risk in their communities. In view of the above; the programme directly addresses three of the EC’s five vital 'P's for sustainable development: Prosperity, Planet, and People.

1.1.2 Stakeholder analysis

The **Government of Malawi** is a key stakeholder in the implementation of the NSSP, with overall social support responsibility falling under the Poverty Reduction and Social Protection (PRSP) division of the Ministry of Finance, Economic Planning & Development (MoFEP&D). Responsibility for the SCTP lies with the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW). Department of Disaster Management Affairs (DoDMA) has the overall responsibility for humanitarian response and to an extent, resilience coordination. Ministries of Agriculture, Irrigation and Water Development (MoAIWD), Natural Resources, Education, Local Government and the Department of Nutrition, HIV and AIDS (DHNA) also play an active role in social protection and resilience. While the Government’s financial contributions to the MNSSP are still small, and mostly in-kind, it has shown considerable dynamism around the programme, and has since 2013 assumed responsibility for payment of social cash transfers in Thyolo district. Recently, with improved donor support towards systems strengthening, intra-Government coordination has improved. MNSSP2 is deliberately being designed to build on this improved institutional coordination to subsequently enhance coherence of the programme vis-à-vis shock responsiveness. The dynamic national leadership driven by the PRSP department and the exhibited strengths of SCTP, which is nationally and internationally recognized as one of the effective mechanisms of poverty reduction with multiplier developmental synergies, could be a reliable basis for scaling-up the programme.

Sub-national Government structures (through the Ministry of Local Government) are at the centre of implementing various NSSP interventions, representing a genuine embodiment of decentralisation. SCTP has well devolved implementation structures down to the community level including extension officers and Community Social Support Committees (CSSC), who are important pivots between the districts and the beneficiaries. Indeed, the programme has two dedicated Social Support Officers in each district and very recently accounting staff

dedicated to the programme. Going forward, Government plans to harmonise community structures implementing various NSSP interventions by piggy-backing on the strength of SCTP district and community structures. Capacity at district level remains a particular challenge since there are high vacancy rates and the implementation of the programme causes additional administrative burden on district social support staff. This action will address this challenge by placing a major focus on building capacity and implementing delivery systems that reduces the administrative burden in the districts.

Non-state actors and Development Agencies play a significant role in supporting the NSSP. GIZ (to be supported through the 11th EDF AFIKEPO nutrition programme) and Mary's Meals are one of the key implementers of school meals; local non-governmental organizations (NGOs) are involved in many micro-finance and VSL initiatives; and international NGOs such as Save the Children, Concern Worldwide, Christian Aid and United Purpose have pioneered innovative approaches linked to both social support and community resilience building, often through add-ons to the MNSSP beneficiaries, such as providing training in business skills, VSL, climate smart agriculture, nutrition diversification and livelihoods diversification. The NGO Gender Coordination Network coordinates over 50 different NGOs around issues of gender related to social protection. The private sector also has a potentially expanded role both in terms of improved social support delivery systems (e.g. electronic-payment) and in terms of possible corporate social responsibility interventions (e.g. expanding the dissemination of sponsored solar lamps, mobile phones). As part of developing this action, these non-state actors were all consulted.

The MNSSP and specifically the SCTP targets the **most vulnerable sectors** of the population, using a combination of community targeting and proxy means testing to identify the poorest 10% of labour-constrained households (i.e. those with a high dependency ratio). In order to mitigate the risks of selection errors of these targeting approaches, a more simple selection by categorical targeting (i.e. entire poor communities, women, etc.) should be envisaged, where appropriate. Demographic distribution of SCTP beneficiaries has shown that female headed households (representing 75% of all households in the programme), chronically ill, disabled, child headed and the elderly dominate the programme. As a result of this focus on women, the SCTP has been showcased for two successive years at the General Assembly of the UN and as a side event at the UN Women Commission for the Status of Women.

1.1.3 Priority areas for support/problem analysis

Malawi is highly vulnerable to **climate-related shocks**, whose impacts are compounded by the high population density and pervasive poverty. In addition, the current FAW infestation constitutes an additional threat for the country's food and nutrition security.

As a result, recurrent droughts and floods in recent years have resulted in many Malawians living in a state of chronic food, nutrition and livelihoods insecurity, with negative impacts on longer-term human development and prospects for economic growth. The World Bank recognizes that "Over the past four decades, droughts have become more frequent, widespread, and intense. The effects have been compounded by a number of other factors, including Malawi's high rate of population growth and environmental degradation. On average, these shocks have caused annual losses to a value equivalent to 1 percent of Gross Domestic Product (GDP)".³ At the same time, such recurrent climatic shocks have redirected an increasing proportion of financial resources away from development and growth, and towards ad hoc humanitarian responses. Yet ad hoc project based humanitarian aid with its short-term perspective is not the most efficient way to enhance community resilience to climatic shocks, nor is the best means of tackling chronic poverty and food and nutrition insecurity. Malawi needs to move towards a more robust and comprehensive system of

³ The World Bank Malawi economic monitor 2016.

coherent but flexible social support and resilience interventions, based around life-course vulnerabilities. This action therefore focusses on using gender-sensitive and responsive social support systems proactively to build resilience, strengthen livelihoods, enhance food and nutrition security and effectively respond to shocks.

The MNSSP has a number of strengths. The **SCTP**, which targets the most vulnerable members of Malawi's population, is a highly effective social support intervention. Despite the 'arbitrary' targeting cap of 10% per district which has resulted in higher exclusion errors of potential and deserving beneficiaries, it has genuine nationwide coverage (it will soon be operating in every rural community in every district). Its impact has been robustly evaluated and found to be generally very positive, especially in terms of food security and asset accumulation, important indicators of resilience. Evidence from the evaluation shows that the SCTP has lightened the burden of women's poverty, improved women's nutrition and enabled them to do the same for their families as well. It found strong effects of the program on children's school attendance across all age ranges and gender, and on delaying sexual debut, childbearing, and early marriage among young girls, thus breaking an intertwined cycle that heightens vulnerability to each condition, decreasing future potential productivity and well-being. The SCTP has high support and visibility among both Government and development partners; and it has, over the last few years, developed advanced systems for targeting, implementation, operation and monitoring. It therefore provides the basis for a more comprehensive, better integrated system under MNSSP2.

However, there are also opportunities for substantial improvements in moving the current MNSSP forward. Scope exists to enhance the way that it builds the resilience of its beneficiaries and that it responds to shocks. More generally, it will need to evolve towards a comprehensive and gender-sensitive life-course approach to social protection. The MNSSP is currently heavily oriented towards the working age poor and school-going children. It has gaps in other areas such as pregnancy, infancy, old age and disability, the first two of which are particularly worrying in the context of the SCTP's stated objectives of improved nutrition. This action provides a good opportunity to engage with Government on the ongoing re-design of the MNSSP as it enters its second phase.

Coherent social protection systems are characterized by flexibility with respect to potential linkages with resilience as well as potential for either horizontal or vertical expansion when required. To this end, the MNSSP is also increasingly viewed as having the potential to provide the foundation for a **shock-responsive** social protection system. Policy, programme, and administrative linkages between Malawi's key social support programmes and the humanitarian response to food and nutrition insecurity are weak and not systematically developed. Existing linkages are mainly implemented in isolation, on an ad-hoc and pilot basis. This year's large-scale emergency response has – for the first time – included the SCTP's beneficiaries in the beneficiary list for humanitarian transfers coordinated by the Malawi Vulnerability Assessment Committee (MVAC). The potential now exists to expand on this in the future to ensure that the wider NSSP is fully flexible and responsive to future shocks. Thus, at the same time as building *ex ante* resilience, there is a need to maximise the potential for MNSSP to aid *ex post* emergency response.

There are a number of ways in which this could be achieved. First, it would help if the **Unified Beneficiary Registry** (UBR) could be expanded so that prior information on households was already available to the MVAC to help with gender-sensitive beneficiary identification (i.e. for humanitarian response and other resilience building interventions outside the MNSSP). Second, it would be desirable to have mechanisms already in place to be able to rapidly expand NSSP programmes in response to shocks, both vertically and horizontally. In this respect, it would be important to have clear risk-informed triggers agreed in the second MNSSP design phase, so that shock-responsive interventions could kick in immediately, mobilizing a pre-approved contingency plan if and when different types of

shocks occur. In addition to these points, district and community structures implementing the MNSSP have capacity constraints and thus need strengthening.

In addition, **gender inequalities** persist in Malawi: with under-representation of women in decision-making positions, low education attainment among females compared with males, early marriage and pregnancy, gender based violence and discrimination against women and girls. Malawi’s Gender Inequality Index in 2015 was 0.614, ranking it 145 out of 188 countries in the world; out of every 100 girls who start school, only 3 enter secondary school and 1 enters University; some 72.3% women are physically abused by their spouse/partner in the home. Two recent gender studies on NSSP concluded “Within the NSSP, the conception of gender mainstreaming is weak and its application disjointed. Any positive gender outcomes are coincidental, rather than consciously planned and pursued” and “women dominate participation across all five NSSP programmes, but for reasons other than the desire for gender equality and women’s empowerment”. This action will therefore seek to strengthen the mainstreaming of gender across NSSP, and provide a building block for gender-responsive national social protection floors.

Social protection and climate change **resilience building** have much in common; as they both seek to protect the most vulnerable and foster greater household and community resilience. Frequency of climate-related natural disasters in Malawi has increased. As a result, financial costs of disaster response and negative impact on livelihoods of the poorest and most vulnerable as well as the transitory poor have also increased. Increased resilience can only be achieved through exploiting complementarities and synergies: a cash transfer on its own will very rarely be sufficient to lift the SCTP’s caseload of beneficiaries sustainably out of poverty. SCTP households, despite their ultra-poor condition and high dependency ratios, can actually become more resilient. As evidenced by impact evaluations, many such households expand their productive asset base, increase their income-generating capacity, improve their living environment and enhance their food security. On the downside, lack of coordination for resilience activities in Malawi has been a major challenge despite good attempts like the Enhanced Community Resilience Programme (ECRP). Notwithstanding, learning from existing resilience building interventions especially the ECRP, a core package of resilience interventions could include asset (livestock) transfers; watershed and catchment management, VSLs, conservation agriculture, skills building, nutrition education for social behavioural change and other livelihood diversification activities, which will additionally contribute to soil restoration and increased biological diversity.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Government funding fails to increase sufficiently for development partners to feel there is a genuine prospect of sustainability	High	Strong policy dialogue with Government coupled with an increasing political significance of the programme. Consider funding arrangements, where development partners match an agreed decreasing proportion of total costs, with contributions by Government increasing correspondingly. Help Government to explore innovative extra sources of funding for social support, such as a restoration of the earlier earmarked “safety net tax” on fuel; a national lottery or others.
Corruption and diversion of funds.	Medium	The use of digital, cash-free transfers and the design of an Internal Control System

		guarantees accountability and transparency-
Overloading of the SCTP as the flagship component of the MNSSP	Medium	Continue to offer technical support to the MoGCDSW to ensure that it has the means and the capacity to manage an expanded SCTP. Refraining from overloading SCTP and MNSSP in general with a multiplicity of objectives.
Climate-related shocks divert development partner funding to emergency response, and away from longer-term social support interventions	Medium	Strongly make the case that shock-responsive social support is the best way to build resilience and mitigate against future shocks. Use humanitarian and development funding to build such systems proactively, rather than on reactive emergency response. Support coordination amongst development partners on resilience and social protection interventions.
Assumptions		
The Government continues to give high priority to the NSSP, and is prepared to contribute an increasing share of the funding to allow expansion of its component programmes, in particular the SCTP. The Government will consider revising the 10% cap. Full acceptance of the concept of shock-responsive social support and a clear commitment by development partners to prioritise this approach in emergency response. The Government will recognise the need to move towards a life-course approach to social protection. The Government is supportive of the capacity building initiatives and willing to participate and implement outcome of training activities including on gender		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

A number of evaluations have been conducted, in particular two randomised control trials of the SCTP between 2013 and 2016, which highlight the **significant impacts** of the programme, especially in terms of the enhanced resilience of its beneficiaries. For instance, beneficiaries had better levels of food security and consumption than non-beneficiaries; and their acquisition of hand-tools and small livestock attests to a significant intensification of own crop production and livestock rearing. Impacts on health and nutrition, although pronounced on treatment seeking behaviours, were less discernible and more nuanced, with – in particular – no evidence of impact on child nutrition or health care utilisation by young children. The SCTP did however positively impact the transition to adulthood (especially for girls), particularly related to age of sexual debut, sexual risk taking, including sexual violence and social support. And it found that increases in productive assets such as agricultural tools and livestock were greater for female-headed households. The proposed action will capitalise on the positive gains and ensure deliberate planning around gender-responsive outcomes.

The recent **review of the MNSSP** has highlighted many interesting lessons from the first phase of implementation, and makes a number of recommendations which are fully consistent with the action proposed here. These include: the strengthening of coordination, at national level, district level and between donors; better integration of programmes, particularly the SCTP and PWP; review of arbitrary and restrictive coverage thresholds to minimise potential beneficiary exclusion errors; formalisation of linkages with agricultural, resilience and livelihood interventions; and strengthening linkages between the MNSSP and humanitarian response to establish rapid response capacity and flexible financing mechanisms. The review outlines a vision for social support in Malawi: that it should be “robust, coherent, integrated, agriculture-sensitive and shock-responsive”, and that it should comprise both a “core

protection pillar” and a “resilience/livelihoods” pillar. The proposed EU action would help to realise this vision.

At the same time, there is also a global recognition that national social protection systems evolve over time to address vulnerabilities across the life-course. The re-design of the MNSSP opens the potential to make relatively minor adjustments to the SCTP in order to better address those life-course stages. Consideration could be on enhancing nutrition status of young children or enhancing the welfare of the elderly and of those with disabilities.

One of the main reasons for the success of the SCTP has been the **robust and consistent systems** that have underpinned it, in contrast to the non-uniform and sometimes weaker systems that pertain in the other MNSSP components. Rigorous management practices, combined with an effective computerised information management system, independent impact evaluations, and a targeting approach that assures at least some degree of transparency and community acceptance have ensured that SCTP merits further support and expansion. This should be facilitated by a broader UBR for the MNSSP as a whole, linked in turn to the ongoing roll-out of the national identity system. Ideally in the long run the UBR should include at least 80% of households categorised as poor under the international poverty line thereby facilitating broader MNSSP targeting.⁴

Learning from the multi-donor supported ECRP, effective **resilience interventions** ought to focus on a core set of the most cost-effective and demand driven interventions for community and household resilience to maximise the number of households achieving food and nutrition security. Concentration should be on a core package of complementary climate change and disaster risk reduction strategies. Flexibility in the design and thus implementation should be one prime consideration. The approach taken by ECRP has provided a good basis upon which further support to enhance linkages between resilience and social support as proposed by this action could be pursued, potentially using the same consortia of partners as ECRP, and linking to the proposed PRO-Act intervention which the Delegation is expected to start implementing towards the end of 2017. The approach to work together with non-governmental organizations (NGOs), through consortia, also proved to be more effective and efficient and help passing consistent messages to beneficiaries.

3.2 Complementarity, synergy and donor coordination

Largely because of the high degree of Government commitment, a number of **development partners** have rallied around the SCTP (and other components of the MNSSP). Indeed, all the districts of the country are currently supported by different donors, including the EU (7 districts under EDF 10 through a delegation agreement with Germany-KfW), Germany-KfW (7 districts), Ireland (2 districts) and the World Bank (2 districts but currently rolling out to the remaining 9 districts), in addition to the one supported by Government. Finally, Department for International Development (DFID), whose ECRP is coming to a close in 2017, has indicated that its follow-on work is likely to echo the proposed EU action, and to have more emphasis on cash transfers.

Other development partners, such as GIZ, International Labour Organization and UNICEF, have supported **policy and systems strengthening** and provided technical assistance to Government counterparts including for the review of the MNSSP; and the analytical work to inform phase 2 of the MNSSP. They have also supported the development of the UBR for SCTP and PWP. UNICEF, through an EU funded project (FED/2014/346-896), is helping the Government to develop a graduation strategy based on linkages and referrals among MNSSP components as well as with humanitarian response. Under this intervention, UNICEF is also strengthening the capacity of national and district officers to manage and implement the SCTP and carrying out an impact assessment of the programme. ILO has supported MNSSP

⁴ Draft Report on Review of Malawi National Social Support Programme;

implementation review and the development of the MNSSP2. This development partner has also undertaken and supported a range of technical studies, including an analysis of the proposed Unified Beneficiary Registry and a study on institutional coordination mechanisms and has provided Government with technical assistance. GIZ is also implementing an EU supported Social Protection System strengthening (EU-SPS)⁵ initiative. UK-DFID, Norway, Ireland, the United States Agency for International Development (USAID), the World Food Programme (WFP) and FAO, are closely coordinating their activities, particularly those in the area of resilience building and very recently shock-responsive social protection around the MNSSP. However, more can be done to further resilience through linkages to complementary programmes, either at the household level or at the higher programmatic level.

At regional level, ILO, the United Nations Development Programme (UNDP), UNICEF, IrishAid and the EU have started to design a specific Regional African Social Protection Training Package on Social Cash Transfers, called TRANSFORM, to support building, improving and managing social assistance programmes, concerning their economic, legal and administrative dimensions.

At the **household level**, a promising start has been made with the MoGCDSW's pilot on "linkages and referrals" in two SCTP districts. Under the above project implemented by UNICEF, SCTP households are supported to access other productivity enhancing social protection programmes that may enable eligible households to make their way out of ultra-poverty. This has involved a comprehensive mapping of all programmes and services to which SCTP households might be linked. It actively monitors the linkages by establishing the needs of each beneficiary household, matching them to the support available, and following up progress. If this pilot proves successful, then the model could be scaled up, including possibly with the expansion to all MNSSP beneficiaries, the majority of whom are women. This latter expansion would be greatly facilitated by the expansion of the UBR. The third component of this action, to be implemented by NGO partners, could facilitate the linkages.

At the **programmatic level**, there is substantial potential to incorporate MNSSP beneficiaries into other development programmes. The EU itself is currently launching two such programmes with considerable potential synergies to the MNSSP. These are Kulima (a programme to promote sustainable/climate smart agriculture) and Afikepo (a nutrition programme), which were already envisaged to be operated in tandem in ten districts. Within Synergies will be built with Afikepo's activities related to the provision of school meals as this is one of the five intervention areas of the MNSSP. Climate smart agriculture has been one of the successfully evaluated resilience building interventions in Malawi. Efforts will be made to explore possibilities of incorporating SCTP extension workers and to the extent possible Community Social Support Committee members into Kulima activities as part of MNSSP community structures capacity building with the intention of these structures onward transferring skills to the beneficiaries. SoSuRe will also ensure linkages with 11th EDF Rural Roads Improvement Programme (RRImP) that will rehabilitate 1200 km of rural roads through labour-based methods using community workers. Throughout the implementation, learnings will be fed back into the discussion around MNSSP and its implementation. Besides, EU and FAO are actively engaged in the social protection through the Food and Nutrition Security Impact, Resilience, Sustainability and Transformation programme (FIRST), working closely with the government and stakeholders to enhance the contribution of social protection policies, programmes and related instruments to Food and Nutrition Security, through enhancing capacities of the government, strengthening complementarities and synergies and improving coordination of NSSP implementing structures. Synergies to enhance the UBR will

⁵ The objective of the project "Towards a shock-responsive social protection system to enhance inclusive growth and strengthen food security" is to conduct a study that supports the Government of Malawi in the review and reformulation of the NSSP

also be explored through linkages with the National ID system, taking advantage of EU support through the Chilungamo Programme (FED/038584).

And there are many other **national programmes** that could be considered, in particular on resilience. DFID (and Ireland) are about to embark on a next phase after ECRP, with social protection as the entry point, and have expressed an interest in co-location of activities. WFP has been rolling out its “R4” rural resilience approach. And many NGOs are implementing interventions aimed at improved resilience, livelihoods and nutrition. USAID is operating a parallel programme to strengthen extension services for Agriculture and Nutrition in a further 11 districts different than Kulima & Afikepo; and DFID, Belgium, and Ireland support other relevant agricultural programmes.

In general, **donor coordination** around social support is good, assured both through the formal structures of the Malawi National Social Support Steering and Technical Committees, Donor Coordination Groups (e.g. SCTP Donor Coordination Group) and project specific sub-technical working groups, and through less formal interactions. But to fully exploit the linkages with other interventions beyond pure social protection will necessitate wider cross-sectoral collaboration: only this can ensure the potential synergies with agricultural, livelihoods, food security and nutrition programmes.

To conclude, **EU** is already a major player on the various components of the MNSSP. Under the 10th EDF, there is ongoing support to the Social Cash Transfer Programme (FED/023873), as well as previous projects on PWP (Public Works Programmes), Rural Infrastructure Development Programme (FED/022433) and Innovative delivery of social cash transfers (FED/270018). Under the 11th EDF and EC Thematic Budget Lines, EU's involvement will to expand with support towards school meals and other agriculture sensitive activities to improve the nutrition status of the population through the Afikepo Programme (FED/038583); PWP through Rural Roads Improvement Programme (RRIMP) (FED/037848); and the Global Climate Change Alliance Programme (ENV/024099). The comprehensive support to the NSSP should be strengthened with this proposed intervention. This allows for a holistic engagement with the Government on the NSSP, putting the EU on a path to not only become a stronger player but also potentially and gradually assume a prominent role among Development Partners active on social support in Malawi.

3.3 Cross-cutting issues

Good governance: The MNSSP, and in particular its SCTP component, combine a high degree of Government ownership with independent financial management. Existing coordination structures and technical support ensure good governance; this action will enhance the same. However, the current targeting of MNSSP is inconsistent and sometimes inequitable: the action proposes to improve and expand its coverage, and to transition it gradually towards a more inclusive rights-based, life-course approach.

Environment and climate change: Due to its high population density, land degradation, deforestation and climate-induced natural disasters are the most worrying symptoms of Malawi's ecological crisis. Mainstreaming climate-smart agriculture (CSA)⁶, an approach that develops agricultural strategies to secure sustainable food security under climate change, will allow longer term utilization of land and water resources for productive farming, even at a low level. The Action will also incorporate elements of land restoration, using appropriate tree species for the different locations and climate, sustainable irrigation and catchment management. Indeed, some components of the action have a positive potential to improve

⁶ Climate-smart agriculture (CSA) is an approach that helps to guide actions needed to transform and reorient agricultural systems to effectively support development and ensure food security in a changing climate. CSA aims to tackle three main objectives: sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions, where possible (FAO, 2017).

biodiversity, watershed management and land restoration to combat erosion and desertification, as well as to increase carbon storage in soils thus contributing to reduce greenhouse gasses emissions and climate change mitigation.

HIV/AIDS: SCTP design (particularly the eligibility criteria on dependency ratio) reflects the ravages of the HIV/AIDS pandemic on households, where grand-parents or children look after households deprived of their productive adult members. This means that a high proportion of SCTP beneficiary households are affected, directly or indirectly, by HIV/AIDS. Nutrition support, care and treatment will continue to be integrated and with the proposed linkages be enhanced into the action as a cross-cutting issue.

Gender: Some three-quarters of SCTP households are headed by women and a majority of SCTP beneficiaries (around 55%) are female; Cash transfers have proven to be empowering to women. And there is evidence that they can enable girls to stay in school longer, thus delaying marriage, reducing early pregnancy and diminishing the inter-generational transmission of poverty. Recognising that within NSSP the conception and application of gender mainstreaming is weak and its application disjointed, this action will as part of broader systems strengthening, include activities to enhance gender mainstreaming across the MNSSP. The increased emphasis on vulnerabilities also places more prominence on the role of women in social support and resilience, given the fact that women are disproportionately bearing the burden of dealing with shocks. In addition, the action will carefully monitor impacts on a gender-disaggregated basis to ensure that any MNSSP interventions that target women will actively promote their empowerment, and will take care not to reinforce gender stereotypes, nor impose additional burdens on women. The broader programme evaluation or specific component evaluations will include among their priorities evaluation of gender mainstreaming and gender impacts.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to reduce poverty through enhancing resilience among the most vulnerable households in Malawi.

This programme is relevant for the **United Nations 2030 Agenda** for Sustainable Development.. It contributes primarily to the progressive achievement of SDG Goals 1 and 2, but also promotes progress towards Goals 3, 5, 10 and 13.

Specific Objective 1 is: Increasing livelihood diversification and Enhancing food and nutrition security for labour-constrained [ultra-]poor households.

Result 1.1.: A more effective, efficient, gender-sensitive and flexible SCTP.

Result 1.2.: A social support system that can deliver a more effective shock response.

Specific Objective 2 is: A better implemented and coordinated MNSSP.

Result 2.1.: Improved MNSSP systems for registration, targeting, delivery, linkages, and appeals.

Result 2.2.: Improved coherence, coordination, gender-sensitivity and impact of the MNSSP.

Result 2.3.: Better trained, supported, motivated and incentivised staff at national, district and community level.

Specific Objective 3 is: Increased poor and vulnerable households resilience to climate change.

Result 3.1.: Improved food production, assets and risk coping strategies to climate related shocks and stresses in poor and vulnerable households.

4.2 Main activities

Activities to achieve **Result 1.1** (a more effective, efficient, gender-sensitive and flexible SCTP) include:

i) The EU will continue to fund the cost of SCTP transfers in at least the seven districts currently supported by the EU. ii) It will support Government to review the arbitrary 10% coverage cap to progressively ensure that the full caseload of the labour-constrained ultra-poor is reached by the programme, not just in the seven districts financed by the EU, but – incrementally – in all 28 districts. iii) It will also use all available policy dialogue platforms to support any Government-led expansion of the SCTP to address other life-course and gendered vulnerabilities and to improve impacts on nutrition (see result 2.2. action i).

Through the cash transfers themselves and linkages to complementary programmes (see below), this will increase the productivity of beneficiary households (the vast majority of which are female-headed and rely on agriculture for their livelihoods), will raise their food and nutrition security, promote gender equality, and enhance resilience to shocks.

Result 1.2: "A social support system that can deliver a more effective shock response" includes:

The new phase of SCTP includes in the design a flexible mechanism within the system to promptly scale up the programme in order to respond to climate-related shocks such as drought and floods. The horizontal (more beneficiaries) or vertical (higher transfer value) temporary expansions would provide enhanced assistance to the most vulnerable women and men. Thereby development and humanitarian donors could complement each other within one single response system including the prospects of channelling all funds through the same disbursement mechanism. This should provide a well-documented approach to provide better aid, more efficiently and cost-effectively. This sub-component would also define the multi-hazard trigger mechanisms and humanitarian indicators that would need to be monitored in order to trigger a vertical or horizontal expansion of MNSSP interventions; and would ensure that humanitarian responses can piggy-back on existing social support mechanisms.

The main activities to achieve **Result 2.1** (improved MNSSP systems for registration, targeting, delivery, linkages, and appeals) are:

Working through close collaboration between Government and development partners, the action would continue to support the broader areas of improved systems design under the MNSSP. In particular, this would encompass: i) the systems for registration and beneficiary selection, based on scaling up and expanding the UBR (possibly in collaboration with the 2018 census) and linked to the National ID system; ii) for delivery (e.g. using e-payments or mobile money); iii) for refinements to the pilot on linkages and referrals and for grievance and appeals, building on experience gained during the 2016 humanitarian response.

Activities to achieve **Result 2.2** (a better implemented and coordinated MNSSP) include:

The action would also support the Government in the implementation, rolling out and scaling up of these improved systems: i) The action would help to negotiate and coordinate programmatic linkages between MNSSP supported interventions and other Government and development partner initiatives; ii) and would ensure full gender-sensitivity in all MNSSP components. Implementation guidelines for mainstreaming gender will be developed and implemented across the MNSSP. iii) In parallel, the action could support the gradual evolution towards a life-course approach. iv) It would also work with Government to explore new mechanisms for financing, such as a restoration of the earlier earmarked "safety net tax" on fuel; a national lottery (as in Hong Kong), a financial transaction tax (as in Brazil), or tapping corporate social responsibility, thus reassuring donors about Government ownership and prospects for long-term sustainability. v) Finally, it would support Government in the area of increasing awareness around the MNSSP through effective information, education and

communications (IEC). Outreach and awareness can also be supported through linkages with EU support to the National Initiative for Civic Education.

For **Result 2.3** (better trained, supported, motivated and incentivised staff at national, district and community level) the activities are:

The action would place a major focus on building capacity for all aspects and programmes in the area of social protection, especially at national, district and community levels, by using the TRANSFORM training package, where appropriate. This would include i) the implementation of delivery systems that reduced the administrative burden on district social support staff. ii) It would specifically capacitate extension workers and CSSC members to deliver training to MNSSP beneficiaries in: soft skills; business and entrepreneurship; climate-smart agriculture; watershed management; and VSL/community health insurance, etc.

And for **Result 3.1** (increased ultra-poor household food production and improved assets and risk coping strategies to climate related shocks) the activities include:

This result area would focus on building resilience and diversifying household crop production and assets as a climate change risk coping strategy through a mutually reinforcing combination of interventions. These will include: i) protecting assets by enabling households to save (e.g. through VSL); ii) increasing and diversifying agricultural production through good agronomic practices, soil conservation, climate smart agriculture; iii) supporting biodiversity through natural resource management, reforestation and watershed management based on native species; iv) supporting advocacy, demand creation, accountability and grievance redress through civil society; v) and building demand driven business skills through training. This component will build on, and extend the life of the soon to be approved PRO-Act resilience intervention.

This result should have a strong gender component, as female headed households are among the poorest, and when it comes to climate change shocks women are heavily affected by:

- Water scarcity due to draughts which increase their time burden in fetching water, which brings them in a situation of time poverty preventing them from being involved in other productive activities. Same as regard to the collection of firewood and biomass.
- Floods affecting small farmers may lead to displacement and loss of households which can be devastating especially on pregnant women and those with many children.
- The restricted women's access to information might prevent them in participating in climate change related training, and might prevent them to receive useful information about early warning systems, coping mechanisms, etc.

4.3 Intervention logic

This action is based on the following results chain. Further enhancements to the SCTP (strategic objective 1) will not only generate improvements in the effectiveness and impact of that specific component, but will also generate learning and influence improvements in other components of the MNSSP through strengthening coordination, at national and district level among the different NSSP programmes, which will in turn foster information flow and exploit operational synergies. These other components will benefit in turn from the action's support to improved systems, to better coordination and implementation, and to capacity building at all levels (strategic objective 2), thereby creating a more coherent and comprehensive overall social support system. Through then demonstrating the potential for linking MNSSP beneficiaries to livelihoods interventions (strategic objective 3), the action will reinforce the importance of integrating social support into broader development policies to achieve greater resilience of poor and vulnerable populations.

There is an underlying assumption – borne out by experience elsewhere – that countries gradually move away from discretionary poverty-targeted programmes towards social

protection based on entitlement, more inclusive and that better responds to the full range of life-course vulnerabilities. The Action will support any Government efforts to consider the possible expansion of life-course bonuses and the revision of the 10% cap. Consequent improvements to other MNSSP components through harmonisation and cross-learning will similarly allow them to expand their coverage, while addressing complementary stages of the life-course. Integration of the MNSSP with other development interventions will broaden coverage further, at the same time as increasing the longer-term resilience of beneficiaries.

A shock-responsive social protection system would contribute to transfer humanitarian caseload to national social protection systems in turn linked to disaster management systems. The improved systems underpinning the MNSSP will additionally provide an efficient channel for the future delivery of emergency assistance, which will inevitably continue to be needed, albeit – with the increase in resilience – at a smaller scale and lower frequency than would have been otherwise.

Finally, paying closer attention to gender and nutrition impacts of the MNSSP has the potential to further increase its effectiveness in changing social norms and reducing the inter-generational transmission of poverty.

Having a better, more effective, inclusive, integrated and comprehensive social support strategy should in turn increase the popularity, and hence the political appeal, of the MNSSP, generating greater momentum towards reform, and encouraging the Government to make a more substantial financial commitment. This will result in reduced vulnerability, enhanced food and nutrition security and greater resilience among the poorest households in Malawi, allowing them to participate in, and contribute to, future economic growth.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component –*Not applicable*

5.4 Implementation modalities

5.4.1 Grant: Direct awards to CHRISTIAN AID Resilience Consortium (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objective of the grant is to spearhead an innovative, enhanced and integrated approach to improved household and community resilience, livelihoods diversification and risk coping strategies to shocks (Specific Objective 3). The results will be an enhanced food and nutrition security for women-led and ultra-poor households and communities through support to NGOs working in the area of resilience building. The direct grant would be awarded to the resilience building consortium of NGOs, headed by Christian Aid (CA), who has been implementing, together with the consortium headed by United Purpose (UP), Malawi's only multi donor

supported large scale resilience interventions, the Enhanced Community Resilience Programme (ECRP) funded by UK-DFID, Ireland and Norway. Considering that a similar integrated and innovative resilience building approach is being targeted for implementation under the 2017 Pro-Resilience Action (PRO-Act), priority under this action would be to build on the strengths of PRO-Act in sustainably establishing such an integrated and innovative resilience building approach. Activities under Specific Objective 3 will be a follow-up to the resilience component under PRO-Act, focus will be maintained on the seven SCTP districts funded by EU under the 10th EDF and also proposed for Specific Objective 1 under this action.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the fully operational INGO consortium led by Christian Aid (CA).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, given the tentative amount of funding allocated to Specific Objective 3 and its geographical scope, this consortium, together with the consortium led by United Purpose, has de facto monopoly within the targeted geographical scope of this programme. The two consortia are the only available option with the technical capacity, experience and manpower to implement activities in line with our proposal building on their ongoing work and networks on the ground in the shortest possible time. Both consortia have successfully been implementing the ECRP and other food and nutrition security programmes and have also been the recipients of ECHO funds during the last few years. They are already operating in the 7 districts that are foreseen in this proposed action of which the aforementioned PRO-Act activities will be the foundation for implementing Specific Objective 3, thus ensuring further scale up and reaching more households. It is important to build on the encouraging and positive independent evaluation of the ECRP, extensive experience of the two consortia in implementing ECRP and to ensure full coherence between their established resilience expertise and the SCTP. The two consortia have between them constructed a well-performing network which has been refined over six years under ECRP, and which will have been further enhanced during the planned PRO-Act.

The consortia would build on their expertise and investments previously made under ECRP and leverage on the work of their current partners. UP and CA collaborate with a mix of in country INGOs and local NGOs (ie. Concern Worldwide, Save the Children, CARE, COOPI, Action Aid, ADRA, Card, CADECOM, Maleza...). Furthermore, UP and CA are part of the Humanitarian response/Malawi Vulnerability Assessment Committee (MVAC) INGO consortium, which is the second largest provider of emergency cash assistance in the country after WFP and have incorporated resilience building activities into humanitarian cash transfers, integrating economic empowerment and nutrition diversity. They therefore come with the added knowledge of their experiences gained through the MVAC humanitarian response, which includes implementing resilience building activities across the entire disaster risk management cycle.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this grant is 100%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 37 of Regulation (EU) 2015/323, if full funding is essential for the

action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

In Malawi, donors who support the SCTP do so in distinct and mutually exclusive Districts. Full funding is required because it is highly unlikely that donors who are supporting Social Protection in Malawi would co-finance a programme targeting cash transfer recipients outside their own SCTP target districts. This automatically reduces potential funding from the donors most interested in the objectives of this programme.

(e) Indicative trimester to conclude the grant agreement

First trimester of year two.

5.4.2 Grant: Direct awards to UNITED PURPOSE Resilience Consortium (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

As in the above grant, the objective is to address existing food and nutrition security challenges among the poorest households in Malawi (many of which are headed by women), through increasing their resilience to climate and other shocks (Specific Objective 3). As in the above grant, this grant will support the concept of 'breaking the cycle of food and nutrition insecurity' trying to go beyond immediate relief and addressing the root causes of vulnerability. The direct grant would be awarded to the resilience building consortium of NGOs, headed by United Purpose (UP). Building on their experiences in the ECRP programme and PRO-Act, the two consortia would continue to implement an integrated and innovative set of resilience activities, with an emphasis on working predominantly with SCTP beneficiaries in the EU funded districts to maximise the synergies.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the fully operational INGO consortium led by United Purpose (UP).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, given the tentative amount of funding allocated to Specific Objective 3 and its geographical scope, this consortium, together with the consortium led by Christian Aid, has de facto monopoly within the targeted geographical scope of this programme as indicated in the above direct grant.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this grant is 100%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 37 of (EU) regulation 2015/323, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

As in the above grant, full funding is required because the way the system operates, with the distribution of the districts among the donors, it makes highly unlikely fundraising from donors most interested in supporting social protection and resilience interventions.

(e) Indicative trimester to conclude the grant agreement

First trimester of year two.

5.4.3 Indirect management with a member state agency - KfW

A part of this action may be implemented in indirect management with KfW-Germany in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails the delivery of Specific Objective 1, continuing and expanding the scope of the existing support to Social Cash Transfers Programme (SCTP). This implementation is justified because KfW is already implementing the equivalent component under the EU's support to the SCTP under 10th EDF (FED/023873) since December 2013, which has been very successful – in terms of consistency of transfers, levels of arrears, and handling of grievances. KfW is also responsible for the equivalent ongoing management of SCTP for the other seven districts funded by the Germany Government. In the spirit of partnership and in line with MNSSP approach of harmonised systems and processes, it is highly desirable to maintain the same delivery modalities for all districts in the country. Just like the EU, Germany-KfW will continue supporting SCTP beyond their current funding of EUR 34 million, with an additional EUR 20 million commitment planned for October 2017 and beyond.

For this action, KfW would carry out the following budget-implementation tasks: support the MoGCDSW with procurement of goods and services including the recruitment of consultants required for the monitoring, evaluation and execution of the Action in line with the procedures and systems of KfW. Besides, it would be responsible for the overall budgetary planning, administration and management of the SCTP in the seven EU supported districts.

5.4.4 Indirect management with a member state agency – GIZ

A part of this action may be implemented in indirect management with GIZ-Germany in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails the delivery of Result 2.1 of Specific Objective 2 (Improved MNSSP systems for registration, targeting, delivery, linkages, and appeals). This implementation is justified because GIZ has been playing an important role in the area of supporting research and systems design for the MNSSP. It has undertaken a number of diagnostic studies and evaluations (for example in the areas of gender sensitivity of MNSSP interventions, harmonised targeting, consistent processes, and monitoring & evaluation). It has also piloted potential alternative approaches, such as linking SCTP beneficiaries to livelihoods interventions. Besides, GIZ has been instrumental at policy and systems strengthening levels, providing technical assistance to Government. This support will continue next years.

The entrusted entity would carry out the following budget-implementation tasks: procurement of goods and services and recruitment of consultants. Besides, it would be responsible, in close collaboration with Government, for further research, systems design and implementation in the areas of registration, targeting, delivery, linkages and appeals.

5.4.5 Indirect management with the partner country

A part of this action with the objective of improved coherence, coverage, effectiveness, gender-sensitivity and impact of the MNSSP (results 2.2. and 2.3.) may be implemented in

indirect management with the Government of Malawi in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 300 000 for grants.

The financial contribution covers, for an amount of EUR 400 000, the ordinary operating costs incurred under the programme estimates.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country, National Authorising Office shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of the Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the Government of Malawi.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (amount in EUR)
Specific Objective 1, composed of	39 600 000
5.4.3. Indirect management with EU MS agency - KfW	39 600 000
Specific Objective 2, composed of	5 000 000
5.4.4. Indirect management with EU MS agency (R 2.1) - GIZ	3 000 000
5.4.5. Indirect management with the partner country (R 2.2 and 2.3)	2 000 000
Specific Objective 3, composed of	5 000 000
5.4.1. Direct Grant award to Christian Aid	2 500 000
5.4.2. Direct Grant award to United Purpose	2 500 000
5.9 Evaluation; 5.10 Audit	200 000
5.11 Communication and visibility	100 000
Contingencies	100 000
Total	50 000 000

5.7 Organisational set-up and responsibilities

Coordination among the various institutions involved in the SCTP takes place at different levels: MoGCDSW calls for Coordination Meetings approximately every two months with all donors and implementing partners to report on progress and challenges in the implementation of the SCTP. Donors coordinate their activities in the Development Partners Group on Social Protection, which meets approximately every two months, and is currently headed by UNICEF. In addition, the donors have regular meetings with the Permanent Secretary of the MoGCDSW where challenges in the SCTP can be discussed at higher level. These meetings are of an informal nature serving for mutual exchange of information.

Within the MNSSP, there is the National Social Support Technical Committee, chaired by the MoFEP&D, which is responsible for providing technical oversight over all five programmes under the MNSSP, while the National Social Support Steering Committee, chaired by the Chief Secretary to the Office of the President and Cabinet is responsible for policy oversight and resource mobilisation for the five MNSSP programmes. Members in both Committees are representatives of several ministries, bilateral and multilateral donors as well as civil society organisations. KfW and the EU Delegation are members of the Technical Committee and for the new phase of MNSSP both are expected to be members of the Steering Committee⁷.

Whilst coordination structures operate in practice and include Ministries and donors involved in the social protection, the way in which social protection programmes are currently operationalised is fragmented. For example, at the district level, District Councils have committees for each programme and the membership is often common to all, this has resulted in multiple and overlapping members of a set of uncoordinated committees that limits information flow, and leads to a lack of clarity around accountability. District staff are faced with a range of programme guidelines and procedures targeting communities for MNSSP sub-programmes but which are not aligned or harmonised.

Coordination within the MNSSP to effectively implement social protection programmes is a challenge in itself, but it is also problematic in terms of developing a shock-responsive social protection system. This action, through the activities of Result 2.2, will address those

⁷ For the current MNSSP, KfW has been representing Germany and the EU at the Steering Committee.

challenges. It will strengthen effective formal coordination to enhance communication channels and information-sharing and coordination plans and procedures (roles and responsibilities) between SP, Domestic Revenue Mobilization, and humanitarian systems.

5.8 Performance monitoring and reporting

A baseline survey during pre-implementation phase that builds on the previous SCTP evaluation (baseline with two follow-up surveys) might be conducted together by all donors and Government similarly as for the earlier evaluation, to populate the reference year data in the logical framework and to be followed by an endline survey at the end of the action.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Government of Malawi together with the development partners have prepared and endorsed an Operations Manual (OM). A technical manual that details the Monitoring process of the SCT Programme has been also put in place to ensure activities are carried out in accordance with the parameters set forth in the OM. Both internal and external monitoring are carried out.

The Commission will undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

A mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out to assess programme progress and in case of lack of such progress, evaluate of its causes following the overall logic, cost effectiveness and extent of gender-mainstreaming with a view to making design and implementation corrections. The evaluation outcomes could lead to adjustments in programme strategy and implementation. They could shed light on the effectiveness of the various processes supported, such as registration, selection, delivery, linkages, grievances, integration with humanitarian response, IEC, Monitoring & Evaluation systems. It would generate early warning of emerging problems, and permit rapid remedial action.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking account of the impact of the programme in reducing food insecurity, improving nutrition of young children and women, poverty reduction and improvement of wellbeing of the most vulnerable households, and, in case of a positive assessment, use the evidence gained for the design of subsequent Social Protection programmes and Graduation Strategies.

The Commission shall inform the implementing partners at least 15 days in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all

necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded in last trimester of year 2.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, three contracts for audit services shall be concluded under a framework contract in 2nd trimester of first year (1 contract) and in 2nd trimester of second year (2 contracts)

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility activities will be implemented by one service contract under direct management, for an estimated total of EUR 100 000, tentatively scheduled to be launched in the 2nd trimester of the first year.

APPENDIX - INDICATIVE LOGFRAME MATRIX

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall Objective: Impact	The Overall Objective is to reduce poverty through enhancing resilience among the most vulnerable households in Malawi.	<p>Proportion of population considered as ultra-poor, by sex and age [RF indicator].</p> <p>Prevalence of stunting among girls and boys under 5 years of age [National Indicative Programme and Results Framework indicator].</p>	<p>Malawi: 25% population considered ultra-poor (MWK 22, 956) . The average of ultra-poor population in the 7 targeted districts is and 38.4% (IHS, 2011).</p> <p>Average EU-funded districts 36.02% (national average 37.1%) Stunting levels(national): Boys 39%, and Girls 35.4% (DHS, 2016).</p>	<p>Less than 33% (ultra-poor) in the 7 districts by end 2023.</p> <p>5% decrease in stunting levels in beneficiary Households at EU funded districts by end 2023.</p>	<p>Integrated Household Survey (IHS).</p> <p>Malawi Demographic and Health Survey (DHS).</p>	

Specific Objective(s): Outcome(s)	<p>Specific Objective 1: Increasing livelihood diversification and Enhancing food and nutrition security for labour-constrained [ultra-]poor households.</p>	<p>1.1. Annual investment in productive assets among beneficiaries.</p>	<p>1.1.1. Agricultural assets MWK 152.70 and Non-Agricultural assets MWK 287.62 (estimation based on a study analysing 2 districts) (Impact Evaluation Report, 2016).</p>	<p>Increase of at least 50 % by end 2023.</p>	<p>SCTP MIS Reports.</p>	<p>No massive shocks</p> <p>Political stability</p>
	<p>1.2. Percentage of Minimum Acceptable Diets (6 - 23 months)*.</p>	<p>1.2.1. National average 8.6% ** (DHS, 2016).</p>	<p>At least a 1% increase per year in beneficiary households.</p>	<p>Impact Evaluation Reports.</p>	<p>1.3. Percentage of women with Body Mass Index below 18.5 .</p>	<p>1.3.1. National average 7.2 %*** (DHS, 2016).</p>
<p>Specific Objective 2: A better implemented and coordinated MNSSP.</p>	<p>2.1. Coverage of the UBR (i.e. number of households registered as a proportion of the total estimated number of households in the district).</p>	<p>2.1.1. 50% coverage in 3 districts (none of them EU-funded) (UBR, May 2017).</p>	<p>At least 50% coverage in all EU-funded districts by end 2023.</p>	<p>MNSSP MIS. UBR reports. Linkages and referrals reports. MNSSP programme accounts. Project Implementation Reports.</p>	<p>Increased Government commitment to MNSSP.</p> <p>Development partner cooperation</p>	

		2.2. Percentage of delivery costs to overall transfer costs).	2.2.1. 15% (GoM, 2015).	Less than 15% by end 2023****.	Project Implementation Reports.	
	Specific Objective 3: Increased poor and vulnerable household resilience to climate change.	3.1. Percentages of female-headed and male-headed beneficiary households that have adopted adaptive livelihoods /resilience strategies and/or climate smart agriculture approaches in the targeted districts.	3.1.1. n/a	75% by end 2023.	Impact Evaluation Report.	Government commitment and coordination capacity to linking resilience and social support
Outputs	Result 1.1. A more effective, efficient, gender-sensitive and flexible SCTP.	1.1.1. Number of households receiving SCTP, disaggregated by Female-headed households and Male-headed households, and School going children (for EU districts).	1.1.1.1. SCTP beneficiaries in the 7 districts: Female-headed households: 46,000, Male- headed households 18,800. 1.1.1.2. School going children (Primary education only) 106,703 (KfW, 2015).	15% increase in the number of Female-headed households by 2023. 15% increase in the number of STCP children in primary education by 2023.	SCTP MIS report. SCTP MIS report.	
	Result 1.2. A social support system that can deliver a more effective shock response.	1.2.1. Percentage of shock situations in which the social support system delivered a more effective shock response.	1.2.1.1. 0	At least 80% by 2023.	Project Implementation Reports.	

	Result 2.1. Improved MNSSP systems for registration, targeting, delivery, linkages, and appeals.	2.1.1. Number of individuals with complete data records registered in the UBR in EU funded districts by sex.	2.1.1.1. 0	1,300,000 by end 2023.	Project Implementation reports & UBR Reports.	Functioning UBR system
		2.1.2. Percentage of beneficiaries receiving e-payments with support from this action, by sex.	2.1.2.1. 0	At least 50% by end 2023.	Project Implementation reports & UBR Reports.	Expansion of e-payment coverage remains technically feasible.
		2.1.3. Number of SCTP beneficiaries linked with complementary interventions with support from this action, by sex.	2.1.3.1. 0	At least 5,000 by end 2023.	Project Implementation reports & UBR Reports.	
		2.1.4. Percentage of appeals successfully addressed following (re-) targeting processes in relation to total appeals submitted, by sex.	2.1.4.1. n/a	Greater than 70% for both female and male, by end 2023.	Project Implementation reports & UBR Reports.	
	Result 2.2. Improved coherence, coordination, gender-sensitivity and impact of the MNSSP.	2.2.1. Number of districts in Malawi with a single coordinating committee for the MNSSP.	2.2.1.1. 0	All 28 districts by end 2023.	Project Implementation reports & UBR Reports.	
	Result 2.3. Better trained, supported, motivated and incentivised staff at national, district and community level.	2.3.1. District staff and community social support committees involved in MNSSP trained, by sex.	2.3.1.1. n/a	All relevant staff in all EU funded districts receives training, by end 2023.	Project Implementation reports & UBR Reports.	

	Result 3.1. Improved food production, assets and risk coping strategies to climate related shocks and stresses in poor and vulnerable households*****.	3.1.1. Number of male- and female-headed SCTP households that are sensitised to climate change and have knowledge of at least 3 solutions that enhance individual and community resilience to climate related disasters and variability.	3.1.1.1. 0	At least 35,000 female-headed households 14,000 male-headed households in the 7 districts, by end 2023.	Impact Evaluation Report.	
		3.1.2. Number of male- and female-headed SCTP households involved in climate-smart agriculture with support from this action, resulting in reforestation, biodiversity and soil conservation.	3.1.2.1. 0	At least 9,000 female and male-headed SCTP households, by end 2023.	Impact Evaluation Report.	

* Minimum Acceptable Diets (6-23 months): Breast fed children 6 - 23 months are considered to be fed minimum acceptable diet if they are fed with the minimum dietary diversity: children receiving 4 or more of the following food groups a) infant formula, milk other than breast milk, cheese, or yoghurt, or other milk products; b) foods made from grains, roots, and tubers, including porridge and fortified baby food from grains; c) vitamin A -rich fruits and vegetables, d) other fruits and vegetables; e) eggs; f) meat, poultry, fish and shellfish; g) legumes and nuts; and these are received with the minimum frequency (for breast fed children minimum meal frequency is receiving solid or semi-solid foods at least twice a day for 6 - 8 months infants and at least three times a day for age 9 - 23 months).

** Ranges from 5.8 to 11.3 in EU funded districts.

*** Ranges from 4.9 to 9.8 in EU funded districts.

**** Considering the investments planned for the strengthening of the MNSSP (e.g. capacity building), maintaining total transaction costs at 15% is still an ambitious target.

***** Some of these interventions have started to be tested in 3 of the seven EU-funded districts (i.e. Chikwawa, Mulanje, Nsanje) by ECRP initiatives (Christian Aid and United Purpose led consortia) and Concern Worldwide. WFP has also introduced some complementary activities in the 2015/6 emergency response. Considering the limited focus on these complementary activities, the baseline should still be close to zero.