



Policy Brief

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Overview

During the lean season, food insecurity is felt more strongly in Malawi, especially for Social Cash Transfer Programme (SCTP) beneficiaries. This is mostly caused by inflation of maize prices. Households are forced to adopt negative coping strategies that range from reducing rations to purchasing food on credit, working someone else's land, or having children drop out from school. Interviewed beneficiaries report the need to adjust SCTP value during this season to retain its purchasing power. Analysis shows slight preference for the adjustment to be distributed monthly in the form of cash. Adjustment value should be pegged at maize prices.

Written by Alexander Hunns,
Francesco Iacoella and Franziska
Gassmann

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Shock-sensitive social protection in Malawi

This policy brief summarises the findings and recommendations of the report 'Exploring options for improved effectiveness of Malawi's Social Cash Transfer Programme (SCTP) through stabilizing purchasing power to eliminate seasonal effects on consumption'. The report aimed at providing policy advice based on SCTP beneficiaries and non-beneficiaries' perceptions on how to adapt regular programming to reduce households' sensitivity to shocks during the lean season.

Seasonal hunger is a common trait across large parts of sub-Saharan Africa. In Malawi especially, rain-fed agriculture is responsible for 80% of livelihoods in the country, which translates to higher food insecurity during the lean season. Food insecurity in the lean season is driven mostly by increasing prices (especially for maize). The price of maize appears to be directly proportional to the rates of child malnutrition. A UNICEF study has found that the probability of a child dying in the lean season in Malawi is increased by 10% compared to the post-harvest season. With over 9 million people below the age of 18, and these figures expected to increase by over 80% by the year 2030, Malawi is sure to face serious challenges in the future if seasonal fluctuations-related food insecurity is not properly addressed. Price inflation also has a direct impact on negative household coping strategies, such as a less diverse diet or fewer meals, or, in extreme cases, school drop out for children or working on someone else's land. This last practice, also referred to as ganyu, is pervasive and prevents households from working their own land to ensure a good harvest.





In this context, the SCTP has the scope of alleviating poverty and hunger and fostering child nutrition among ultra-poor and labour constrained households in Malawi. A recent study examining the effect of the SCTP over

affected by climatic shocks. Flooding and droughts recently hit the district in 2015 and 2016 respectively, destroying crops and endangering livelihoods. The district has been benefitting from the SCTP since 2018.

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time has produced mixed results. The authors find a certain protective effect of the SCTP during the lean season with recipients reporting consumption of more meals per day with higher calorific value, with reduced ‘hunger depth’ and a lower likelihood of being food energy deficient than non-beneficiary households. However, results do not show a significantly higher overall food expenditure nor a better diet. More importantly, the researchers find that the purchasing power of the transfer is greatly reduced during the lean season. SCTP is currently reaching over 291,000 beneficiary households. Ntcheu district, the area where the study was conducted, accounts for about 14,000 of these beneficiary households. It is located in the central region of Malawi and shares one border with the district of Lilongwe, the capital. In this district, 52% of the population live in poverty, while the rate of ultra-poor in the district is 19%. Maize cultivation for subsistence farming is the main economic activity in Ntcheu. The district, due to its high population density and limited land productivity, is often

Methodology

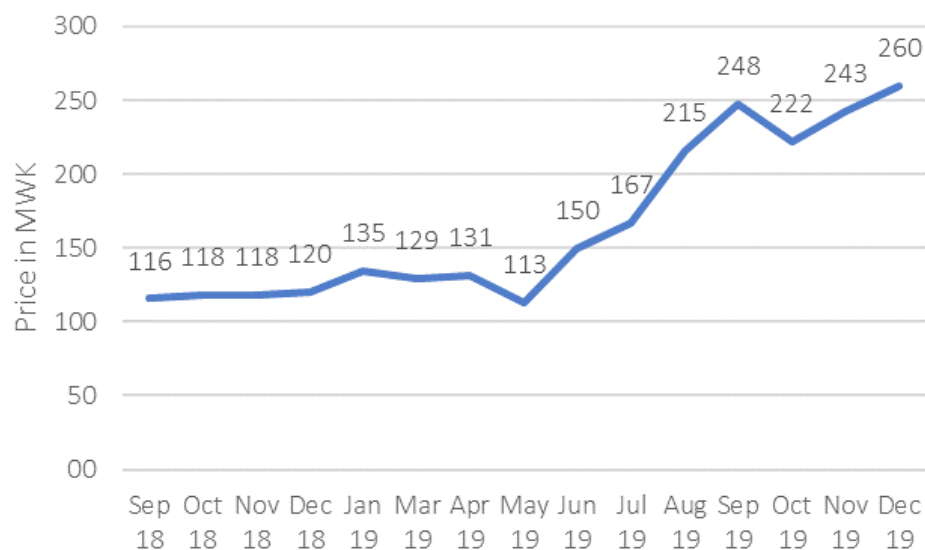
The study was conducted in three rounds of qualitative data collection between February and May 2020 in three Traditional Authorities (TAs) in the district of Ntcheu. Both beneficiaries and non-beneficiaries of the SCTP were interviewed, together with key informants at national and district level. Interview guides were designed to investigate the role played by seasonal fluctuations on households’ consumption and coping behaviours. Qualitative methods included Focus Group Discussions (FGDs), In-Depth Interviews (IDIs), and Key Informant Interviews (KIIs). The data collected through qualitative interviews were coded inductively based on literature and discussions with key informants. The study obtained ethical approval from the Malawi National Commission for Science and Technology and researchers and enumerators ensured respondents were not exposed to unnecessary health risks, especially during the current global pandemic of SARS-Cov-2.

Findings and recommendations

- Price inflation during the lean season

Analysis has highlighted that maize price inflation during the lean season represents the main concern for beneficiaries. Prices have been reported to increase between 115 and 185% during the lean season in comparison to the harvest season, with obvious consequences on beneficiaries' purchasing power. Interviewees state that prices start increasing in October and reach their peak in January and February. It has to be noted that price spikes are confirmed by key informants but appear to be absent from price monitoring reports. Official price monitoring data from the Malawi Ministry of Agriculture, Food Security, and Water Management and WFP indicate some inflation in nominal prices of maize during the lean season, although it is a much lower magnitude than that reported by this study's respondents (see Figure 1).

Figure 1. Monthly maize nominal prices in Ntcheu



Food does not represent the only concern for households during the lean season. When asked about their first priority, interviewed beneficiaries reported education and house expenses more frequently than farming (see Figure 2). This result, however, can be driven by the fact that interviews took place at the end of the sowing season (i.e. October to December), when farming expenses are much lower.

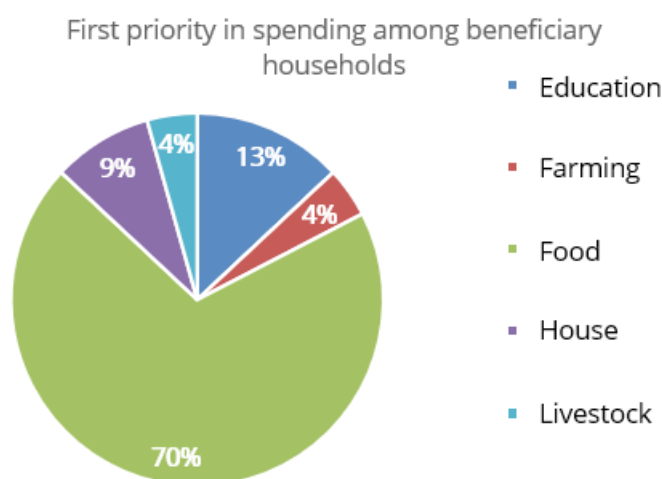
- Negative coping strategies

During the lean season both beneficiaries and non-beneficiaries resort to negative coping strategies with the main goal of ensuring their food security. Most interviewees report resorting to them mostly during the months of January and February (when maize prices peak). Adopted coping strategies range from the most used food quantity reduction or meal skipping, to the more severe but less present ganyu and school drop out. Ganyu is mostly performed by adults, although it is concerning that among beneficiary households having children perform ganyu is more commonly mentioned

than among non-beneficiaries. The largest majority of respondents considers education as a priority for children. That is why the practice of school drop out is seen as particularly extreme and usually adopted as a last resort when facing food scarcity. Another coping strategy of particular concern, although practised by a minority of respondents, is the purchasing of food on credit during the lean season. Debt repayment is often in the form of maize and happens during the harvest season, although the quantity of maize paid back can be up to 5 times higher than the amount the credit could have bought. Ganyu as a form of debt repayment has also been reported by some respondents. Negative coping strategies are reportedly used almost exclusively during the lean season.

diminished during the lean season. Beneficiaries, by a small majority, express a preference for a monthly adjustment in the form of cash, which is more versatile to use. An in-kind transfer as a way to reduce exposure to price inflation remains an acceptable but less preferred option. Moreover, some respondents expressed their interest in a lump-sum transfer received in the pre-lean season to invest the money into productive assets or maize purchase when prices are lower. However, concerns were also raised, which are confirmed by the literature, on the possibility that lump sums might be misused by beneficiaries. Finally, beneficiaries reported to prefer the seasonal addition to be disbursed during the lean season instead of being spread throughout the year, fearing that an adjustment distributed through the year would be too small to make an effective difference to the household.

Figure 2. Spending priorities among SCTP



- Policy options for seasonal adjustment

Respondents consistently confirm the need to adjust the transfer to ensure that the purchasing power of the SCTP is not

Regarding the transfer value, respondents did not provide a clear response. However, as maize price remains their main concern, they ask that their ability to purchase this staple food remains consistent throughout the year. For this reason, the value of the seasonal adjustment should be linked to maize prices to retain the purchasing power of the SCTP.

As previously shown, an apparent divergence between prices collected through official price monitoring and prices reported by beneficiaries and key informants in Ntcheu has emerged. Prices reported by beneficiaries are often higher than those found by price monitoring teams. Given the importance of establishing a transfer value that at least partially improves the effect of seasonal price

inflation, setting up a rigorous and localised price monitoring process is essential. Localised market price data collection above and beyond current mechanisms should be considered to ensure the price discrepancies reported by beneficiaries are properly accounted for in the transfer value.

Figure 3 reports a list of potential policy options that have been outlined based on respondents' opinions and perceptions. In green is reported the option that appears to be preferred by beneficiaries, a seasonal adjustment distributed monthly in cash during the lean season, the value of which should be indexed at maize price to account for

inflation-caused reduction in purchasing power.

The qualitative approach used in this study provides useful insights into people's perception of the lean season and the challenges associated with it. It provides an understanding of the mental process that ultra-poor individuals make in order to cope with periods of scarcity. It has highlighted the high demand for a seasonal change of the SCTP transfer and has brought to light individuals' preference about its design. Collected evidence can inform donors and policymakers on how to implement a successful and adequate lean-season adjustment.

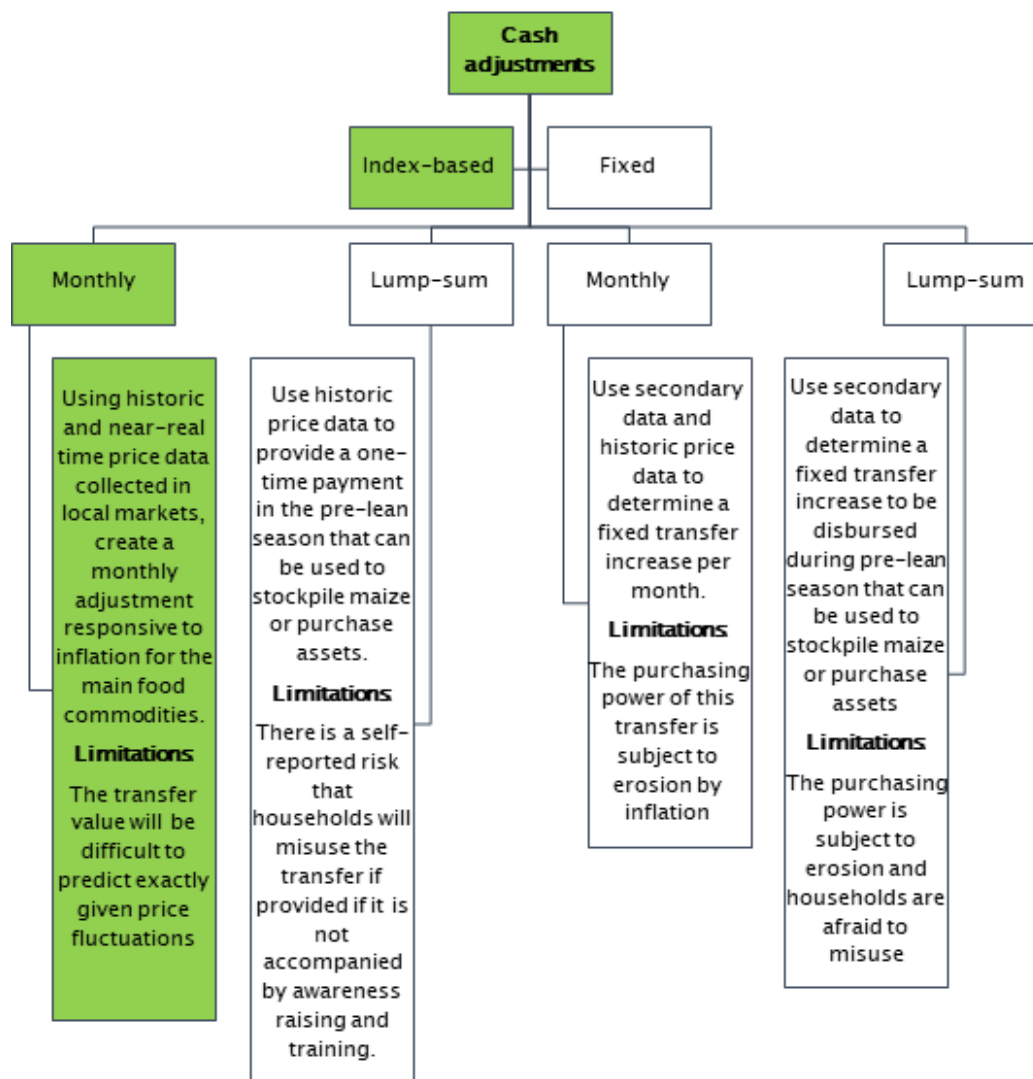


Figure 3. Policy options - cash adjustments

About the Authors

Alexander Hunns is a Researcher at UNU-MERIT with a record of evaluating social protection programmes in sub-Saharan Africa. He is presently engaged with the long-term evaluation of WFP's activities in Kenyan refugee camps and associated host communities, and the evaluation of WFP COVID-19-related response to fight malnutrition in Kenyan urban settings.

Francesco Iacoella is a Researcher at UNU-MERIT with an educational background in development economics, international relations and public policy. He has expertise in quantitative research and qualitative data analysis, and has been involved in a number of evaluation projects for WFP in Kenya as well as Malawi.

Franziska Gassmann (PhD in Economics) is Professor of Social Protection and Development at UNU-MERIT, where she leads the research theme on Social Protection. She is also Professor of Poverty and Social Protection at Bonn-Rhein-Sieg University of Applied Science, Germany.

Project summary – Objectives of the SCTP

The SCTP has two main objectives: i) reduce poverty, hunger and starvation in all households that are ultra-poor and at the same time labour constrained; ii) increase school enrolment and improve the health and nutrition of children living in target group households. The size of the SCTP transfer varies with the household size and with the number of primary and secondary-school age children. The average transfer (7,000MKW at the time of the study, currently 10,000KW) is about 20% of beneficiary households' consumption.

Although the SCTP was developed to provide mainly consumption support to ultra-poor households, which falls under Pillar 1 of the Malawi National Social Support Programme II, specific strategic actions have been designed by the

Government of Malawi beyond the scope of Pillar 1. In particular, the SCTP strategic action number 1 for Pillar 3 envisages the developing of "plans and mechanisms within the SCTP to support seasonal increases of the level of transfers to better protect the poorest and most vulnerable individuals and households during the lean season".

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INSIDE:

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United Nations University -
Maastricht Economic and
social Research Institute on
Innovation and Technology
Boschstraat 24
6211 AX Maastricht
The Netherlands

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