I. Project Context

Country Context

Despite strong economic performance registered during 2005-2010, poverty remains widespread and concentrated in rural areas. Income also remains unevenly distributed (the gini-coefficient deteriorated from 0.39 in 2005 to 0.45 in 2010), reflecting inequalities in the access to assets, services and opportunities across the population. Within rural areas, the same index rose from 0.34 to 0.38, while within urban areas inequality stayed roughly constant at about 0.49. The national absolute poverty rate of 52.4 percent in 2004/05 declined only marginally to 50.7 percent in 2010/11. The trends in rural poverty followed a similar pattern: a rate of 55.9 percent in 2004/05 vs. 56.6 percent in 2010/11. In addition, while the absolute poverty rate among male-headed households was estimated at 49 percent in 2010/11, the comparable figure among female-headed households was 57 percent.

Vulnerability and poverty affect the majority (85%) of the approximately 16 million Malawians who are dependent on agriculture for their livelihood and live in the rural areas. Of the 3.4 million ultra-poor, 96 percent are dependent on agriculture, mostly tobacco and maize, for their livelihood.
Over half the total population of Malawi lives in poverty, with one of the lowest per capita incomes in the world of approximately US$330.

**Sectoral and institutional Context**

For almost two decades the Government of Malawi’s (GoM’s) efforts to reduce poverty have focused on its flagship safety nets program of cash transfers through MASAF-LDF public works to 1.6 million of the ultra poor. In addition, MASAF public works beneficiaries have been organized into savings groups under the MASAF supported Community Savings and Investment Promotion. More, recently a Social Cash Transfers program supported by a number of Cooperating Partners (CPs) has targeted the most vulnerable and labor constrained households. However, these key programs have worked in isolation of each other. The delivery of safety nets remains fragmented and inadequate.

Moving forward MASAF IV as a second generation safety nets would build a Safety Net platform to harmonize, coordinate and deliver safety nets based on 17 year experience of the Malawi Social Action Fund-Local Development Fund Mechanism (MASAF-LDF) and more recent approaches underway in the country on unified registry system. It would support productive community driven public works through MASAF, the Community Savings and Investment Promotion (COMSIP), the more recent Social Cash Transfers program, and it would strengthen, coordinate and harmonize the establishment of a system for unified registries and the targeting of the poorest and most vulnerable in the country. The proposed MASAF IV would harmonize and coordinate the approaches, targeting, systems of these programs. MASAF IV would thus support a second generation safety nets program through the Safety Net platform based on improving the existing safety nets systems in the country. MASAF IV would be in line with the National Social Support Policy (NSSP) while working within the water, agriculture, environment and climate resilience and disaster risk management sectors to reduce poverty and vulnerability.

**II. Proposed Development Objectives**

The Project Development Objective of the proposed project is to strengthen Malawi’s social safety net delivery systems and coordination across programs.

**III. Project Description**

**Component Name**

Productive Safety Nets

**Comments (optional)**

**Component Name**

Systems and Capacity Building

**Comments (optional)**

**Component Name**

Project Management

**Comments (optional)**
IV. Financing (in USD Million)

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V. Implementation

Institutional Arrangements and Safety Nets Platform: The goal is to deliver timely and cost effective programs through fostering cooperation and coordination with development partners and institutions focused on rural poverty reduction. To this end it is proposed that the Project would support the establishment of a Social Protection Platform under the LDF mechanism within 18 months of project effectiveness. The Platform would support a number of safety net programs focused on communities and households. This approach could serve as a national, integrated and coordinated multi-sectoral safety nets and social protection platform. This is in keeping with the National Social Support Policy and the National Social Support Program. LDF will supervise, coordinate, integrate and channel financing, knowledge and technical assistance to each sub-program. Such a structure would then allow the GoM to coordinate Development Partners support for safety nets in a rationalized, coherent, predictable and integrated manner to achieve impact on vulnerability as articulated in the National Social Support Policy and Program.

Role of District Councils. District Councils will be responsible for the implementation of the program. Following the program principles, Districts will also be responsible for supporting communities to identify Productive Community Driven Public Works, Social Cash Transfers and livelihood activities.

Coordination and Harmonization: MASAF IV will be coordinated and supervised by the MASAF LDF Mechanism. The LDF mechanism is under the MoLGRD and would also be with oversight from Ministry of Finance, Ministry of Economic Planning and Development and the Office of the President’s Cabinet. Under MASAF IV the MEPD would play a key role in providing policy direction for safety nets.MASAF IV implementing agencies will include the LDF, Ministries of Gender, Children and Social Welfare, Agriculture, Local and Rural Development, Economic Planning, Social Cash Transfers, District Councils, Community Savings and Investment Promotion Cooperatives, Village Development Committees and Area Development Committees.

VI. Safeguard Policies (including public consultation)

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VII. Contact point

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Implementing Agencies
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