

Redefining urban social protection programmes in Malawi:

Lessons from the Covid-19 Emergency Urban Cash Intervention (CUCI)

Policy brief

September 2023

As part of the National Covid-19 Preparedness and Response Plan, the government of Malawi initiated an urban social protection programme. The Covid-19 Emergency Urban Cash Intervention (CUCI) targeted poor and vulnerable households in low-income and informal communities, with the aim of cushioning their livelihoods from the socioeconomic impact of the pandemic.

The programme targeted those who primarily derive their livelihoods from the informal sector, especially piecework or petty trading, or those laid off work. As the country's first cash transfer programme to focus on urban areas, the CUCI provided a conducive and fertile learning ground for shaping future policy and programming.

This policy brief summarises research conducted as part of the FCD0-funded Covid Collective programme and highlights key lessons learned from Malawi's CUCI programme around urban social protection interventions.

Research highlights

- > **The Covid-19 Urban Cash Intervention (CUCI) was vital in providing immediate relief** to vulnerable households within informal settlements during the pandemic, acting as a lifeline for those who lost income sources.
- > **Our research underscores the importance of policy frameworks that place emphasis on inclusivity, gender responsiveness and active community engagement** to proficiently tackle challenges stemming from pandemics and other crises.
- > **Dealing with the socioeconomic impacts of Covid-19 requires strengthening community-led initiatives, fostering partnerships (reform coalitions, co-production) and incorporating gender-responsive strategies and community-wide participation in relief and recovery interventions.**
- > **Grassroots organisations have encountered operational challenges due to reduced community engagement and are gradually embracing digital platforms in response**, undertaking various humanitarian initiatives and advocating for the rights of informal workers.
- > **Effective resilience building in informal settlements must be multidimensional** and include enhancing access to microfinance for low-income groups, promoting community-based savings initiatives, improving access to better social services, prioritising technical and vocational training and involving the informal sector in decisionmaking processes.



Background

The Covid-19 pandemic has had a disproportionate impact on vulnerable communities, specifically those in informal settlements and other low-income groups¹. According to the World Food Programme (2022), Malawi's household survival minimum expenditure basket (SMEB) has been increasing since the start of the pandemic. In December 2022, the cost of the urban SMEB was the highest since April 2020, at MK 107,323 (USD107) against the minimum wage of MK 40,000 (USD40). A recent [household affordability index](#) showed that families could not afford to eat properly. A lack of proper nutrition represents a major barrier to Malawi's developmental outcomes, especially for new generations.

Furthermore, the gender dimensions of Covid-19 are highly inequitable, as women have been disproportionately affected by declining incomes, rising care burdens and other harmful impacts of the pandemic. This is largely due to the impact of lockdowns that affected sectors including manufacturing and services, where women are overrepresented and often have informal working arrangements.

At the macro level, key services and industry sectors that offer employment opportunities have been hard hit, leading to a heavier impact in urban areas among populations that traditionally experience unstable income, high unemployment, fragile markets and unstable asset-base.

In response, the government of Malawi (GoM) introduced various socioeconomic responses to mitigate the pandemic's effects. The most prominent policy responses were around the unconditional Social Cash Transfer Programme. Other measures included tax waivers and credit facilities for small and medium enterprises.

The CUCI programme

The government piloted the Covid-19 Emergency Urban Cash Intervention (CUCI) – Malawi's first cash transfer programme to focus on urban areas. This was an unconditional transfer that provided critical safety net for the most marginalised urban Malawians. The CUCI's objectives were to reduce the adverse impact of Covid-19 on livelihoods, human capital accumulation and basic consumption. Targeting about 35% of the country's urban population – around 200,000 people – the programme's eligibility criteria focused on households that were likely to lose livelihoods as the result of the pandemic. For a period of three

months, each vulnerable household received a monthly transfer of MK 35,000 (roughly USD 35), equivalent to the prevailing minimum wage at the time of design in 2020. The details are summarised in Figure 1.

Figure 1: CUCI programme in numbers



35% of the urban population targeted (~200,000 families)



Each family received MK 35,000 / month for three months



MK 4.1 billion in total disbursements for Lilongwe only

The CUCI programme decided to provide cash transfers through the mobile network operators (MNOs) Airtel Money and TNM Mpamba, based on the assumption that most households in urban areas have handsets registered with one of these providers. However, most women from qualifying disadvantaged households do not have mobile phones and so submitted their husbands' phone numbers, unaware that these were to be used later for mobile money cash transfers (see below).

The e-wallet transfer modality was popular among respondents because of the reduced risk of theft and robbery compared to physical cash. However, liquidity challenges among most MNO agents affected CUCI's payment, suggesting inadequate preparations for the large influx of cash transfers and withdrawal demands in hotspots. Broadly, this could indicate low adoption levels of digital payments across Malawi, highlighting a need for more investment to propel awareness and usage.

Evidence collected suggests that the CUCI programme proved highly effective overall in providing immediate relief to vulnerable households in informal settlements during the pandemic. The cash transfers acted as a lifeline for individuals who lost their sources of income, enabling families to meet their basic needs. Additionally, the CUCI transfer had a transformative impact on the gender equity front. By targeting mainly female family members, CUCI provided women with an opportunity to start small-scale businesses or make financial decisions

¹ Informal settlements are defined as densely populated urban areas with substandard housing and usually lacking basic services and city infrastructure (UN-Habitat, 2007).

based on the funds they received. This proved to be empowering and liberating to many vulnerable community members (see Figure 2). However, the creation of workarounds for those beneficiaries who did not have a handset compromised the process, as some of their male partners abused the funds.

The government has signalled its intention to continue with the implementation of the programme. However, it faced a number of implementation challenges, such as administrative and financial mismanagement that resulted in delayed disbursements, funds benefitting unintended individuals or groups, and sluggish programme roll-out.

Critical issues identified

We highlight the following issues for consideration in designing future interventions:

- > **The beneficiaries selection process** involved community leaders, mainly customary and block chiefs. Customary chiefs are powerful, despite the Chiefs Act (1967) prohibiting them from exercising their authorities in urban areas. They determined who benefitted from the programme, typically registering the majority of their own family members and those who bribed them, and excluding the most deserving households.

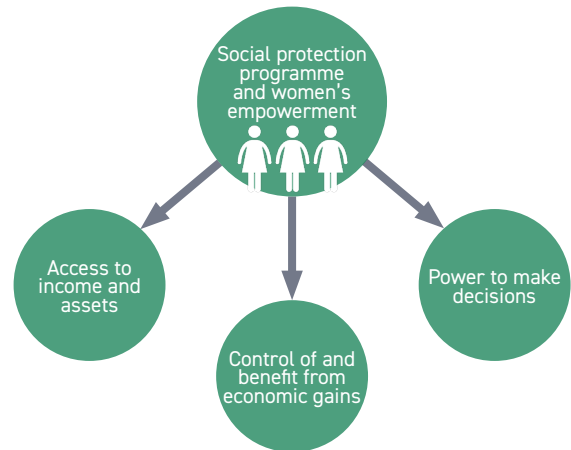
We suggest that the programme should rely on community-level decisionmaking, rather than individuals, to select recipients.

Leveraging community knowledge to target recipients also mitigates data gaps and complements official programme databases. Governance institutions such as the ward civil protection committee should be used as capillaries of these urban social protection programmes.

- > **The disbursement methodology** caused some issues that need addressing. Primarily, the programme targeted female members of households, in line with the 2030 Agenda for Sustainable Development, which sets a clear vision for action to expand coverage of nationally appropriate social protection systems and measures for all. However, the programme's mobile disbursements methodology created challenges (as noted above) since many women used their husbands' phones as they lacked their own. When the money arrived, most husbands did not inform their wives and misappropriated it.

We recommend that future programmes should consider other payment point options, such as banks and other mobile wallets.

Figure 2: Gender outcomes of social protection programmes



- > **Women being the direct recipient of cash assistance** was significant and a new thing for many in the country. The majority of women interviewed said they were able to make financial decisions on their own for the first time in their lives. Some women also pointed to the mobile disbursements being empowering. Many women spoke of feeling strong, confident, respected and independent as a result of bringing resources into the household. However, some husbands felt women were becoming too powerful, with many women reporting physical and emotional abuse by their husbands and other male family members.

A growing body of evidence finds that social protection programmes – when well-designed – can be used as a critical policy response for mitigating increased violence against women and girls. For example, during the outreach and enrolment phase, **messaging can underscore that women are the intended transfer recipients**, thereby increasing the likelihood that women will be able to retain control over the funds while minimising risk of backlash. Other measures, such as training, could offer opportunities to bring women together in groups to build their social capital and self-esteem. **We also recommend that grievance-handling mechanisms should be leveraged to connect women to services, including gender-based violence (GBV) survivor services.**



- > **The mobile payment platform system sometimes failed**, due to the huge amounts of cash that went into circulation at almost the same time. Among other issues, this resulted in delayed disbursement of funds, misallocation of names and sluggish implementation of some programme components.

We suggest establishing and testing the readiness of shock-response procedures and mechanisms in advance. Availability of e-payment access points, refresher trainings or updating social registry data could greatly enhance efficiency and timeliness. It is also important to involve private sector companies with technological assets and expertise in the design and implementation of these interventions.

Other programme recommendations

Launching a social protection programme involves a myriad of decisions by policymakers. To design and implement gender-inclusive social protection systems, to strengthen the benefits of social protection for vulnerable community members and to ensure that no-one is left behind in the 2030 Agenda, we recommend the following actions:

- > **Commit** to tackling gender inequalities and promoting all women's and girls' empowerment through social protection programmes.
- > **Invest** in financing gender-responsive social protection programmes, to extend their coverage, improve adequacy and harmonise delivery.
- > **Build** the capacity of government and partners to design and deliver inclusive social protection programmes and provide linkages to complementary services and programmes.
- > **Support** local rights organisations and movements to articulate demands for improved design and delivery of social protection for all.
- > **Establish** a formal appeals process for vulnerable cases which are not captured by the scoring system.
- > **Strengthen** complaints handling mechanisms and accountability processes.
- > **Investigate** the source of inaccurate data and put measures in place to address those concerns.

Conclusion

Unconditional social cash transfers are undeniably powerful social protection programmes that yield numerous benefits. The inherent flexibility of cash-based interventions such as CUCI provides individuals with a sense of dignity, allowing them to prioritise and choose what is most vital for their wellbeing. Cash transfers prevent individuals in need from resorting to harmful coping strategies – such as survival sex, child labour, family separation, forced marriage and selling of assets. The programme can be an effective tool to mitigate risks of GBV, when properly designed. To fully realise this objective, some programme areas require further attention, such as tightening the sequencing of cash and gender discussion groups, strengthening complaints-handling mechanisms and simplifying targeting criteria and monitoring systems. Finally, considering that urban population are still growing it is important for policymakers to consider expanding the number of beneficiaries.

About this brief

This brief was produced by **Happiness Zidana** and **Zilire Luka**. For further information about the research, please contact **Happiness Zidana**, Centre for Community Organisation and Development (CCODE) (happinessbanda@ccodemw.org).

Photo information: Community savings groups in Lilongwe. All photos taken by Know Your City TV Malawi.

Supported by the UK Foreign Commonwealth and Development Office (FCDO), the Covid Collective is based at the Institute of Development Studies (IDS). The Collective brings together the expertise of, UK and Southern based research partner organisations and offers a rapid social science research response to inform decision-making on some of the most pressing Covid-19 related development challenges.

This brief was funded by the UK Government's Foreign, Commonwealth and Development Office (FCDO) through the Covid Collective. It is licensed for non-commercial purposes only. Except where otherwise stated, it is licensed for non-commercial purposes under the terms of the Open Government Licence v3.0. Covid Collective cannot be held responsible for errors, omissions or any consequences arising from the use of information contained. Any views and opinions expressed do not necessarily reflect those of FCDO, Covid Collective or any other contributing organisation.

© Crown copyright 2023.

