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# The politics of social protection policy reform in Malawi, 2006-2017

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CSSR Working Paper No. 447

February 2020

institute for democracy, citizenship and public policy in Africa

E·S·R·C ECONOMIC & SOCIAL RESEARCH COUNCIL

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Research jointly supported by the ESRC and DFID

Published by the Centre for Social Science Research

University of Cape Town

2020

http://www.cssr.uct.ac.za

This Working Paper can be downloaded from:

http://cssr.uct.ac.za/pub/wp/447

ISBN: 978-1-77011-434-0



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Acknowledgement:

This research was funded primarily by UKAid through the UK's Economic and Social Research Council, grant ES/J018058/1 to Jeremy Seekings, for the "Legislating and Implementing Welfare Policy Reforms" research project.

# The politics of social protection policy reform in Malawi, 2006-2017

## Abstract

*The literature on the expansion of social protection in Africa contends that domestic politics matters for policy reforms. This includes literature that argues that repeated competitive elections and changes of government create opportunities for political leaders in newly elected governments to expand the provision of programmatic social protection. In Malawi, donor efforts to persuade the national government to expand pilot cash transfers into a national programme were resisted by the government of Bingu wa Mutharika, arguing that cash transfers were unproductive handouts. Instead, the government supported the provision of generous input subsidies to small scale farmers which promoted food production. His successor, Joyce Banda, promoted donor supported social protection programmes, including social cash transfers, to broaden her electoral support. Yet, her support for social protection did not guarantee electoral success in 2014. Banda's successor, Peter Mutharika, adopted a food security brand (like his older brother before him) to win elections. Between 2014 and 2017, Mutharika's government focused on farm inputs for small scale farmers while cash transfers remained largely donor funded. This paper demonstrates that changes of government do not necessarily lead to the provision of more social protection. Rather, changes of government between presidents and ruling coalitions matter for reforms because they provide incentives for new ruling elites to brand themselves differently on issues of redistribution in ways that enhance their ideological and electoral interests. Where the interests of ruling elites mesh with those of donors, there is a greater incentive for the expansion of programmatic social protection interventions such as social cash transfers.*

## 1. Introduction

During the 1990s, some countries in the Global South, including Brazil, Indonesia, and Mexico, adopted large scale cash transfer programmes that focused on providing the poor with the right to an adequate standard of living guaranteed by the state (Hanlon, Barrientos & Hulme, 2010). Conditional Cash Transfers (CCTs) that were implemented in Latin America proved to be successful at redistributing wealth from the state to poor citizens, including the unemployed (Ferguson, 2015; Peck &Theodore, 2015). By the start of the 2000s, global policy makers were keen to adapt the CCT model to other parts of the world, particularly in regions like sub-Saharan Africa where such programmes were limited to a very small number of countries including Mauritius and South Africa.

It was also necessary to extend these programmes to Africa because of the extent of social exclusion that was exacerbated by the effects of the International Monetary Fund (IMF) and World Bank supported structural adjustment programmes that were implemented during the 1990s (Ferguson, 2015; Peck & Theodore, 2015; Von Gliszczynski & Leisering, 2016). As a result, international donor agencies introduced pilot social cash transfer (SCT) programmes in several low-income and lower middle-income African countries. These include pilot programmes introduced in Zambia by the German Organisation for Technical Cooperation in 2003, UNICEF in Kenya (2004) and Malawi (2006), Concern Worldwide in Malawi (2006), and the United Kingdom's Department for International Development (DFID) in Kenya (2009) (Chitonge, 2012: 3).

The extent of donor involvement in promoting social protection went beyond introducing pilot SCT programmes. International donors persuaded national governments to assume ownership of programmes, to scale pilots into programmes with nationwide coverage, and to increase government spending while simultaneously reducing donor dependence. Donors also advocated for the inclusion of social protection in national development plans and the introduction of social protection policies. Yet the pace at which national governments implemented reforms to expand the provision of social protection and SCTs differed across the continent. There was also variation in the pace of reforms to provide social protection between government administrations within countries over time, with some government administrations providing more social protection to citizens than others.

For example, in Zambia, the Movement for Multiparty Democracy government under President Levy Mwanawasa (2003 to 2008), resisted donor efforts to expand SCTs nationwide due to concerns that cash transfers could create a 'culture of dependency' (Kabandula & Seekings, 2016: 26). This changed under the Patriotic Front government of President Michael Sata between 2011 and 2014 (Siachiwena, 2016). The Sata administration expanded the SCT scheme into a national programme, more than doubled the coverage of beneficiary households, and assumed primary funding responsibilities for SCTs from donors (*ibid.*). Similarly, in Zimbabwe, the Government of National Unity (GNU) that was formed in 2009 by the ruling Zimbabwe Africa National Union Patriotic Front (ZANU-PF) and two factions of the opposition Movement for Democratic Change, presided over increased state support for the implementation of the Harmonized Social Cash Transfer Programme (HSCT) (Chinyoka & Seekings, 2016). Both before and after the GNU government, state support for the HSCT was limited, largely due to poor relations between ZANU-PF and international donors.

The literature on the politics of social protection in Africa shows that political factors matter for the expansion of programmes (Lavers & Hickey, 2016). This includes research focusing on 'political settlements' which considers how the social protection agenda is shaped by the distribution of power among elites and between elite and non-elite factions (*ibid.*). Furthermore, studies on some Anglophone African countries demonstrate that elections provide opportunities for political parties to brand themselves differently to voters including on social protection (Seekings, 2014; Hamer & Seekings, 2017). More recently, research shows that changes of government between political parties and/or presidents matter for the expansion of social protection (Carbone & Pellegata, 2017).

Carbone and Pellegata argue that 'multiparty regimes in which electoral alternation took place more than once provide better social welfare than multiparty regimes in which such instances were less frequent or never took place at all' (Carbone & Pellegata, 2017: 19). A crucial argument supporting the link between changes of government and the expansion of social welfare is that 'when elections lead to changes in government, the underlying assumption is that the performance of the ousted government did not satisfy voters' demands and expectations' (*ibid.*). The implication is that newly elected governments have a greater incentive than their predecessors to expand programmatic social assistance for the poorest, both to ameliorate the living conditions of the poor and to win their support in future elections.

Malawi provides an instructive case to understand the relationship between a change of government and social protection policy reform. It is a low-income country with a per capita income of US$320 (in 2017) with about 70 percent of the country's population of 17 million people living below the international poverty line of US$1.90 per day (World Bank, 2018). It ranks 172 out of 188 countries on the United Nations' Human Development Index with a low human development score of 0.485 (United Nations Development Programme, 2019). Agriculture is the cornerstone of the Malawian economy, providing a livelihood for two-thirds of the population, although it accounts for only a third of gross domestic product (GDP) (World Bank, 2018: viii). Moreover, Malawi has held regular multiparty elections since democratizing in 1993. This has resulted in two incumbent electoral turnovers, with the most recent in 2014. A change of government also happened in 2012 when an incumbent president died in office and was succeeded by his vice, who was then in a different political party.

Furthermore, Malawi has implemented a SCT programme which started as a UNICEF funded pilot in 2006. Between 2006 and 2012, the Democratic Progressive Party (DPP) government led by President Bingu wa Mutharika resisted donor efforts to expand the SCT pilot nationwide and to assume primary funding responsibilities from donors. Mutharika's government focused instead on 'generous subsidies to small scale farmers to expand agricultural production' (Hamer & Seekings, 2017: 3). Kalebe-Nyamongo and Marquette (2014: 2) further demonstrate that Malawian elites were generally considered to have a 'deeply entrenched disapproval of social assistance' because they considered the poor to be responsible for their own problems.

Mutharika died in office in April 2012 and was replaced by Joyce Banda who was the republican vice president, notwithstanding her expulsion from the ruling DPP in 2010. The unusual circumstances that surrounded Banda's path to the presidency prompted her to develop her own 'brand' as president which included becoming a 'champion of social assistance reform' in order to distinguish herself from Mutharika and the DPP (Hamer & Seekings, 2017: 3). Within two months of becoming president, Banda's administration published the National Social Support Policy and introduced the Malawi National Social Support Programme (MNSSP). Donors had been unsuccessful in persuading Mutharika's administration to do both of these.

In the 2014 general elections, the DPP was re-elected under the leadership of Mutharika's younger brother, Peter Mutharika. In the period since 2014, the implementation of cash transfers was driven primarily by donors while the government focused on agriculture production subsidies for small scale farmers. Recent studies on Malawi show that political elites are generally opposed to 'handout' programmes (Kalebe-Nyamongo & Marquette, 2014) while others show that electoral incentives have prompted governments to expand both programmatic and clientelistic social assistance programmes (Hamer 2016; Hamer & Seekings, 2017). Nonetheless, these studies do not recognize variation in social protection reforms between governments over time nor do they provide a systematic account of how and why social protection reforms happened under different government administrations.

This paper contributes to the theoretical and empirical understanding of the relationship between changes of government and social protection policy reform. Carbone and Pellegata's analysis (2017) places emphasis on the ways in which democratization, multiparty elections and changes in government can prompt newly elected political leaders to respond to voters' concerns through the provision of better social welfare. Nevertheless, their quantitative analysis which focuses on the entire sub-Saharan African region has at least two limitations. First, it does not discuss how and why the provision of welfare (or social protection) differs between government administrations within countries. Second, while it discusses Africa as a region, it does not provide case studies of the relationship between reform and changes of government in selected countries to offer a more detailed explanation of the distinct mechanisms through which changes of government contribute to reform. By contrast, this study provides a process tracing analysis of social protection policy reform in Malawi under three different government administrations between 2006 and 2017. The study draws on research interviews conducted in Malawi between January and March 2017 with twenty-five policy makers including political elites, donor officials, government technocrats, and civic organization leaders. The paper demonstrates how and why reforms to expand the provision of cash transfers were promoted by Banda's administration but constrained by the two DPP governments.

The paper argues that changes of government in competitive low-income African democracies matter for policy reforms because political parties and their leaders have distinct ideological and electoral interests which contribute to the forms of redistribution that political elites support. Where the interests of donors and elites converge, there is a greater incentive for reforms to promote the provision of social protection. This paper also demonstrates that changes of government do not necessarily lead to the provision of more social protection. Rather, changes of government provide incentives for new governments to brand themselves differently from their predecessors on issues of redistribution in ways that enhance the interests of the new ruling elites. This in turn leads to more or to less support for state provision of social protection.

The rest of this paper proceeds as follows. The next section provides a brief history of politics, poverty and policy in Malawi. This history covers the period from Malawi's independence in 1964 until the introduction of pilot SCTs in the 2000s. The paper then provides a summary of social protection reforms between 2006 and 2017. The summary considers five dimensions of reform and considers emergency cash transfers that are specific to the period after 2014. Thereafter, the paper discusses the incentives for each of the three government administrations to reform or not. The conclusion considers the broader implications of this paper for social protection policy reform.

# 2. Brief history of politics, poverty and policy in Malawi

Malawi gained independence from British colonial rule in 1964 under the leadership of Hastings Kamuzu Banda who led the Malawi Congress Party (MCP). In 1966, Malawi became a one-party state and the MCP became the only party by law (Chunga, 2014). In 1970, Banda became Life President following an amendment to the Malawian Constitution (Harrigan, 2008).

Under Banda, Malawi adopted an agricultural-oriented export strategy based on 'estate agriculture' which focused on the production of tobacco, tea and sugar

(Chinsinga, 2002: 25). This development strategy contributed to rapid economic development and national food security from the 1960s to the 1970s. Nonetheless, much less attention was paid to smallholder agriculture, although the state provided subsidised farming inputs for farmers to grow crops such as maize for household consumption (Harrigan, 2008). In the late 1970s, the Malawian economy was hit by a 'series of adverse exogenous shocks' such as a dramatic deterioration in the terms of trade (particularly a decline in tobacco prices) which brought economic growth to a halt (Harrigan & El Said, 2000: 79). The MCP government responded by 'implementing fiscal policies based on foreign borrowing and running down foreign reserves' which exposed the country to a huge debt burden (*ibid.*: 79-80). Because of its emphasis on estate agriculture and patronage politics, the MCP government neglected issues of poverty, redistribution and social protection, which severely affected poor households at the height of the economic crisis (Harrigan, 2008: 241).

The Malawian government approached the IMF in 1979 and the World Bank in 1980 for support which led to the implementation of structural adjustment reforms (Harrigan & El Said, 2000: 81). The structural adjustment and stabilisation policies had profound effects on agriculture and the economy. These policies included the liberalization of the agricultural sector in the 1980s, which resulted in the increase of food prices. Food input subsidies were phased out leading to a decline in smallholder production. This affected both national and household food security to the extent that the Malawian government was faced with a national food crisis in 1987, which required the highest level of food imports since the early 1970s (Harrigan, 2008). The Banda regime reverted to statist agricultural policies in the early 1990s by supplying free maize seeds to smallholder farmers after drought in the 1992 to 1993 farming season reduced national maize production by over 50 percent (*ibid.*: 242).

By the early 1990s, Malawi was affected by the wave of democratization that swept across the continent. The onset of the decline in agriculture and the economy in the 1980s combined with Banda's authoritarianism, precipitated events that led to the collapse of the Banda regime. Malawi transitioned from a one-party system to a multiparty democracy following a referendum in 1993 and multiparty elections in 1994 (Chunga, 2014). Bakili Muluzi of the United Democratic Front (UDF) emerged winner of the presidential election with 47 percent of the vote. The transition to multiparty democracy was accompanied by donor pressure to abandon statist policies that included agricultural subsidies, in favour of economic liberalization (Chibwana et al., 2012). Malawi's smallholder farmer credit clubs collapsed and subsidies on fertiliser and hybrid maize seed were removed. The Malawian kwacha was sharply devalued which resulted in farm inputs becoming unaffordable to smallholder farmers and a drastic increase in the price of maize, the country's staple crop (Chinsinga &

Poulton, 2014). The effect of the policy shift in agriculture, compounded by the effects of droughts in the early 1990s, was a severe and persistent food crisis that beleaguered Muluzi's first term in office (Chibwana et al., 2012).

Faced with strong electoral competition, addressing Malawi's food crisis was central to Muluzi's re-election bid in 1999. The food crisis was dominated by concerns around maize, which is grown by an average of 97 percent of farming households and accounts for over 70 percent of the country's total cropped land. Not only that, but Malawi also holds the distinction of having the highest per capita maize consumption in the world (Chinsinga & Poulton, 2014: 127). Aware of the threat posed to the UDF's survival by the food crisis, Muluzi worked with donors to reintroduce farm subsidies through the implementation of the Starter Pack (SP) in 1998. Through the SP, the government provided small packs of hybrid maize seed, fertiliser and legumes which broadly targeted smallholder farmers across the country (Harrigan, 2008).

Muluzi won re-election in 1999 but Malawi's food security challenges lingered during his second term. Amidst concerns from the IMF that the SP was interventionist and undermining the role of the private sector in delivering farm inputs, the SP was scaled down in 2000 into the Targeted Input Programme which aimed to provide farm inputs to only the poorest smallholder farmers (Harrigan, 2008; Chinsinga & Poulton, 2014). By the 2004 elections, Malawi had been hit by two devastating hunger crises within a space of three years despite the implementation of input subsidy programmes (Chinsinga & Poulton, 2014: 128). One crucial feature of the 2004 elections, therefore, was that the main presidential candidates all promised to implement agricultural subsidy programmes if elected (Harrigan, 2008).

Around this time, donors began to consider social protection as part of anti-poverty strategies. Several social protection interventions had been implemented in Malawi since its independence, but it was not until the mid-2000s that concerted efforts were made to coordinate programmes and adopt a policy. Chinsinga (2009: 24) explains that, by 2005, a total of 38 programmes, including three cash transfers which covered a total of 14,215 beneficiaries and other projects such as input subsidies, school feeding, cash-for-work, and food for work programmes, were implemented under the National Safety Nets Programme, albeit in an uncoordinated manner. Not only was the coverage of these programmes small, but they also offered parsimonious grants to beneficiaries. Additionally, the programmes, specifically cash transfers, were implemented by different international donors including Oxfam, Concern Universal, and Concern Worldwide, with little or no government input or coordination (*ibid.*).

This changed in late 2005 when donors led an initiative for a coordinated approach to social protection. Donors (led by UNICEF) initiated discussions for a comprehensive social protection policy to be adopted which was followed by the introduction of a pilot social cash transfer in 2006. By 2006, the DPP government led by President Bingu wa Mutharika (who was first elected in 2004) had begun to support efforts to enact a policy. Despite this, the pilot cash transfer programme was only scaled up to a national programme in July 2012, at the same time a national policy was enacted. These developments happened after a change of government in April 2012 to President Joyce Banda of the People's Party (PP).

# 3. Social protection policy reforms 2006 – 2017

This section considers reforms to Malawi's Social Cash Transfer Programme (SCTP) and related social protection programmes for the period 2006 to 2017. It considers reforms to policy on five dimensions: (i) social protection programmes expanded, (ii) coverage of social cash transfers, (iii) expenditure on social protection programmes, (iv) generosity of social cash transfer benefits and (v) legislation and status of programmes. It also considers the implementation of emergency cash transfers since 2014.

## 3.1 Social protection programmes expanded

Between 2006 and 2012, there were four major social protection programmes being implemented in Malawi: (i) the Farm Input Subsidy Programme (FISP), (ii) Labour Intensive Public Works Programmes (LIPWP), (iii) the Social Cash Transfer Programme (SCTP), and (iv) Village Savings and Loans (VSL). Except for FISP, the Malawian government classified all of them as social protection programmes. Table 1 provides a summary of the four programmes and shows who was covered by each programme, the social risks addressed, and the targeting method.

*Table 1: Social protection programmes implemented in Malawi 2006-2012*

| **Programme** | **Who is covered?** | **Social risks covered** | **Targeting method** |
|---|---|---|---|
| Farm Input Subsidy Programme (FISP) | Small-scale farmers | Food and income security | Non-means tested |
| Labour Intensive Public Works Programmes (LIPWP) | Poor individuals with labour capacity | Income security | Non-means tested |
| Social Cash Transfer Programme (SCTP) | Labour incapacitated poor households (including women, orphaned and vulnerable children, disabled and the aged) | Income security | Means tested |
| Village Savings and Loans (VSL) | Poor individuals with labour capacity | Income security | Non-means tested |

Joyce Banda became president in April 2012 and in June 2012, the PP government published a National Social Support Policy (NSSP) and introduced the MNSSP. The MNSSP had a four-year life span i.e. from 2012 to 2016. The introduction of the MNSSP resulted in the expansion of five social protection programmes including three that were already recognized by the government i.e. the SCTP, LIPWP and VSL. The programmes were coordinated by the Malawian government with primary funding from several donors. Table 2 lists the programmes and provides details of the funders.

*Table 2: Malawi National Social Support Programme 2012*

| **Programme** | **Main Funder** |
|---|---|
| Social Cash Transfer Programme | World Bank, European Union (EU), Irish Aid, German Development Bank (KfW), Government of Malawi (GoM) |
| Labour Intensive Public Works Programme | EU, World Bank, World Food Programme (WFP) |
| Village Savings and Loans | World Bank, DFID, Norway, Irish Aid |
| School Meals Programmes | Mary's Meals, WFP, GoM, Germany |
| Micro-Finance Programmes | Non-Governmental Organizations (NGOs), GoM, Commercial banks |

*Source: Government of Malawi*

In addition to the SCTP, LIPWP and the VSL which were inherited from the previous administration, the MNSSP also designated the School Meals Programme and Micro-Finance Programmes as social protection programmes. Except for the LIPWP and the VSL, the Government of Malawi contributed funds to the implementation of the programmes.

## 3.2 Coverage of SCTP

This study considers the expansion of coverage in terms of (i) the number of beneficiary households nationwide and (ii) the number of districts and regions implementing the SCTP.

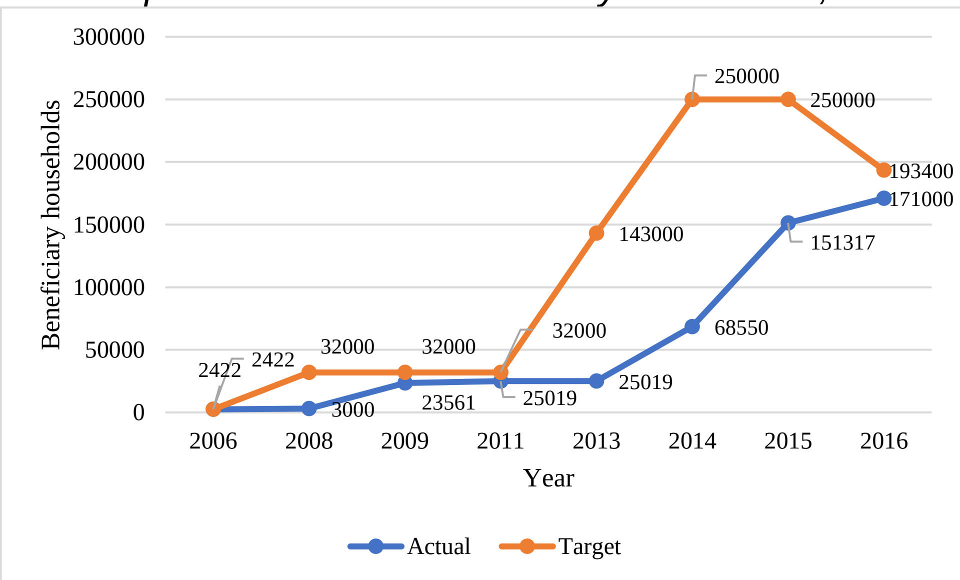
### 3.2.1 Expansion of beneficiary households

Data on the actual number of beneficiary households that were added from the inception of the SCTP in 2006 until 2017 are sparse and difficult to verify. At least three related factors explain this. First, only 14 percent of Malawi’s districts i.e. 4 out of 28, have fully functional databases (Government of Malawi [GoM], 2016b: 32). This means that data at district level of eligible households and beneficiaries are uncomprehensive in 24 districts. This was exacerbated by the fact that – at least until March 2017 – the Malawian government did not issue its citizens with national identity cards. This made the task of maintaining an accurate registry of beneficiaries somewhat burdensome for the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW).

Second, because different donor organisations were implementing cash transfers in different districts, donors kept separate records of beneficiaries and the MoGCDSW had to harmonize the separate records. Due to several factors such as resource constraints for adequate staffing in the ministry, and the absence of a Management Information System, the ministry's records were not adequately updated.[1]

Finally, reports published by government departments, donors and academics at times provided inconsistent data on coverage. This is not surprising given the lack of comprehensive data. This provided challenges for this study to verify data. The limited verifiable information on coverage by households is presented in Figure 1. Figure 1 shows that the SCTP started as a single pilot in Mchinji district in the Central Region. It also shows the targets that were set to expand the SCTP to additional households and what was achieved between 2006 and 2017.

*Figure 1: Expansion of SCTP beneficiary households, 2006-2016*




*Source: International Labour Organization ; GoM; and Angeles et al. (2016)*

Figure 1 shows that the SCTP pilot started with 2,442 households in Mchinji district in 2006. Donors and the MoGCDSW planned to extend coverage to

[1] This point was raised by an official in the MoGCDSW at a workshop I attended in Lilongwe to review the 2012-2016 MNSSP on 16 February 2017. The workshop was organized by the Ministry of Economic Planning and Development and included representatives from MoGCDSW, various donor agencies, civil society and academia.

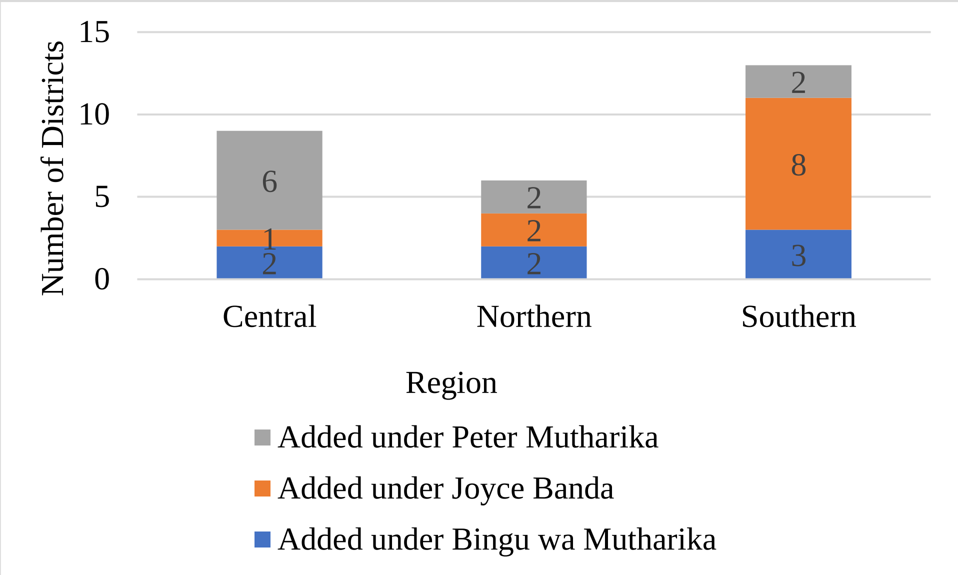
32,000 households by 2008 and 143,000 by 2013. It is not clear whether annual expansion targets were made for the intervening years, but the number of beneficiary households increased to 3,000 in 2008 and to almost 24,000 by 2009. By December 2014, the SCTP had extended to 68,550 households. This was almost three times the number of households that had been added to the programme at the end of Mutharika's presidency in 2012.

The number of household beneficiaries more than doubled between 2014 and 2015 to over 150,000. Yet, this figure was significantly below the initial target of reaching 250,000 households by the end of 2015. Projections were then revised downwards by technocrats in the Poverty Reduction and Social Protection Division in the Ministry of Economic Planning and Development (MoFEPD), in consultation with donors and MoGCDSW technocrats, to expand the SCTP to 193,400 households in 2016. Although coverage increased to over 170,000 households at the end of 2016, this was still short of the target by about 20,000 households. The goal was for the SCTP to reach 319,000 households countrywide i.e.10 percent of the poorest labour-constrained households in each district of Malawi (GoM, 2016b). By the end of 2016, coverage of the SCTP had expanded to about 54 percent of the target. Timelines to achieve nationwide coverage were not stipulated.

### 3.2.2 Expansion of districts and regions implementing the SCTP

Malawi's SCTP is implemented across the country's three regions and 28 districts. The SCTP started as a donor funded pilot in Mchinji district, Central Region in 2006. Over the next 10 years, the scheme expanded to the remaining 27 districts in all three regions. Seven districts were added to the scheme under the DPP era while 11 were added by the PP government between 2012 and 2014. After 2014, international donors expanded the SCTP to the remaining 10 districts. Figure 2 shows the expansion of the SCTP across districts and regions under each government administration.

*Figure 2: Expansion of SCTP coverage by government administration, region and districts 2006-2017*




*Source: Angeles et.al (2016)*

The first seven districts to implement the SCTP were determined by donors. The seven pilots were funded through the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). The pilot was intended to ensure that all three regions implemented cash transfers. The largest number of districts was added during Banda's two-year presidency, after the introduction of the MNSSP. This includes eight districts added in the Southern Region where poverty levels in Malawi were highest. By 2012, funding from GFATM for cash transfers in the seven pilot districts had ended. After the implementation of the policy, the German government through the KfW assumed responsibility for funding the seven districts in 2012. The same year, the EU funded an additional seven districts. Later in 2013, Irish Aid assumed responsibility for funding one district while the World Bank funded cash transfers in two districts under the Malawi Social Action Fund (MASAF)[2], which were implemented by the Local Development Fund – an agency of the Malawian government responsible for funding and implementing local development initiatives.[3]

In 2013, the PP government announced plans to fund one district (Thyolo in the Southern Region) starting in 2014. In 2016, the World Bank announced it would assume responsibility for funding cash transfers in the remaining 10 districts. The intention was for the districts to be added by the end of 2017. The DPP

[2] In 1996, the Malawian government established MASAF with funding from the World Bank. MASAF was designed to promote the empowerment of local communities as part of the then UDF government's poverty alleviation programme (Kishindo, 2001).

[3] Interviews with Laurent Kansinjiro, Patience Masi, Tom Mtenje, Chipo Msowoya and Sophie Shawa

government also informed donors that it could no longer fund the SCTP in Thyolo district due to financial constraints. By February 2017, the government was negotiating with the World Bank to fund Thyolo.[4] However, by February 2018, Thyolo was still funded by the government despite continued appeals for donors to supplement government efforts in the district.[5]

## 3.3 Expenditure

### 3.3.1 Changes in government's contribution to SCT funding

The SCTP was primarily donor funded until 2010 when the DPP government began to contribute funds to meet administrative costs. These involved costs to pay salaries for government staff at district level. Government's contribution amounted to about 10 percent of the total cost of implementing the SCTP, with donors meeting the remaining 90 percent. After the PP government committed to funding one district in 2013, the government's contribution increased marginally to about 13 percent. However, the government struggled to disburse funds to pay SCTP beneficiaries. This means that government's actual contribution to funding the SCTP was much less than 13 percent. Technocrats in the MoGCDSW interviewed for this study estimated that the government's contribution remained much closer to 10 percent even during the Banda years. After 2014, the government's contribution to the total SCTP budget remained at 10 percent. This included funds for Thyolo district which were paid erratically and for administrative costs.[6]

### 3.3.2 Budgetary allocations to social protection and related programmes

Since 2012, the Malawian government has implemented five social protection programmes and FISP. Data on coverage and budgetary allocations for most of the MNSSP programmes were sparse. Programmes were implemented by various NGOs and donor organizations and the MoGCDSW had inadequate data on most programmes. Nonetheless, data for expenditure on FISP, LIPWP and the SCTP were much easier to ascertain for the 2010/2011 to 2013/2014 fiscal years. However, data before and after this period were difficult to ascertain. The data on budgetary allocations for the three programmes for four fiscal years is presented in Figure 3.

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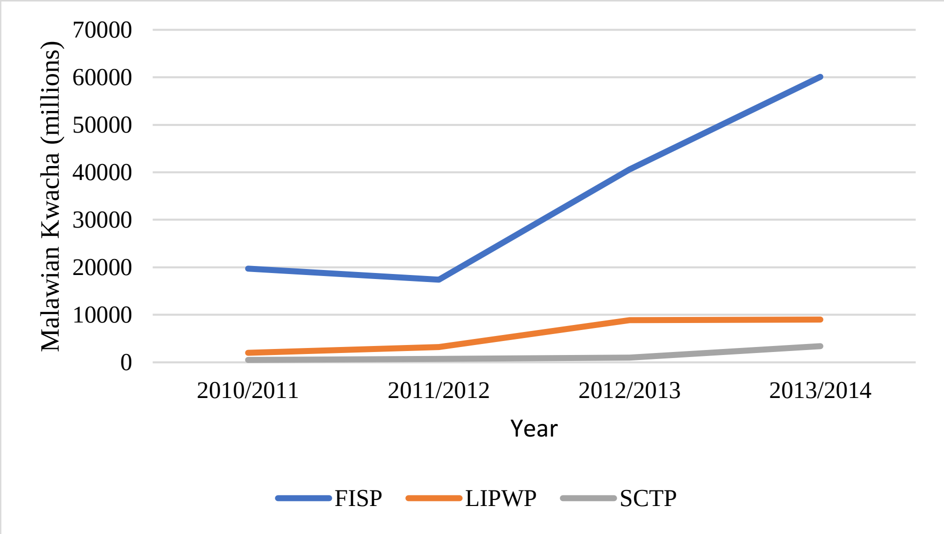
[4] Interview with government official in the MoGCDSW

[5] Malawi 24, 7 February, 2018, 'More money should be pumped into Thyolo – Minister.' Available at: https://malawi24.com/2018/02/07/money-pumped-thyolo-minister/

[6] Interview with government official in the MoGCDSW

*Figure 3: Budgetary allocations to social protection and related programmes, 2010/11-2013/14*




*Source: Ministry of Finance Budget Speeches 2010/2011-2013/2014*

Figure 3 shows that there were increases in budgetary allocations to all three programmes during the two fiscal years of the PP government. The allocations for the SCTP only include the amounts committed by the government. The 2012/2013 national budget was the first presented by the PP government. In Banda's first year, the SCTP allocation increased nominally (but decreased when expressed in US dollars) from K700 million ($2.8 million) in 2011/2012 to K1 billion ($2.7 million). In the 2013/2014 budget, the SCTP allocation more than tripled nominally, to K3.4 billion ($9 million). Although the amounts allocated to the SCTP by the government were modest, Banda announced during her February 2013 State of the Nation Address (SONA) that her government had received almost K24 billion ($63 million) since July 2012 for cash transfer funding from the EU, Irish Aid and UNICEF.[7]

Inasmuch as Banda's administration did more to expand the provision of the SCTP than the Mutharika government, FISP and the LIPWP continued to be the two largest social programmes in Malawi. In fact, the FISP budget more than doubled nominally in Banda's first year, from K17.4 billion ($70 million) in 2011/2012 to K40.6 billion ($110 million) in 2012/2013. The allocations further increased to K60 billion ($160 million) in 2013/2014. Similarly, the nominal allocations to the LIPWP more than doubled in Banda's first year, from K3.2 billion ($12.8 million) in 2011/2012 to K8.9 billion ($24 million) but remained relatively unchanged at K9 billion ($24 million) in 2013/2014. The data show that while funding for all three programmes increased, the PP government poured

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[7] State of the Nation Address by Malawi's President Dr. Joyce Banda, 7th February 2013. Available at https://www.nyasatimes.com/state-of-the-nation-address-by-malawi-president-dr-joyce-banda-full-text/ [February 10, 2020]

more funds into FISP which was funded mostly out of tax, as opposed to the LIPWP and the SCTP which were almost entirely donor funded programmes.

Data showing the extent of donor funding for social protection programmes between 2014 and 2017 were difficult to determine. National budgets, Medium Term Expenditure Framework reports, and donor reports did not provide annual breakdowns of funding. Furthermore, respondents interviewed for this study were unable to provide comprehensive data. The scarcity of data was acknowledged by the Malawian government. A review of the first MNSSP conducted in 2012, showed that the government had challenges collecting information on budgetary allocations and expenditure for programmes. Below is a passage from the report that is cited at some length to provide context:

> Funding arrangements of the MNSSP are fragmented and inefficient. Concerns over fiduciary risks have led to the limited utilization of Government financial systems by donors contributing to the MNSSP, which has created a fragmented and inefficient funding systems. No programme under the MNSSP has a harmonised approach to financing and there is lack of coordinated planning documents, such as harmonized budgets and work plans. Essentially each donor has different financing modalities, funding timeframes, and reporting requirements. Developing the right environment to allow the harmonization and pooling of funds is a key suggestion going forward. Within the SCTP, which was often cited as the most coordinated of the five MNSSP programmes, there are four distinct financing models between the five sources of funding. Timelines for funding often are not aligned and the burden of management and reporting for the differing models falls to the District level. Some progress has been made in aligning financial procedures and requirements, specifically the management of EU funds for the SCT by KfW, and the joint financial audits of the SCT between Irish Aid and the EU (GoM, 2016b:16).

The delays in reporting from the district to the national level explain why data were available for earlier periods but inaccessible for the most recent years. The very limited available information shows that K5.9 billion ($12.8 million) was spent on the SCTP in 2014/2015. Furthermore, the World Bank had allocated $107 million for the LIPWP for the period 2014 to 2018 which would benefit 677,502 households in 28 districts. The WFP had also allocated $3.96 million for public works which would benefit 85,000 individuals and 15,500 household between 2014 and 2017 (Van Meerendonk et al., 2016: 70).

Meanwhile, FISP spending reduced from K60 billion ($160 million) in 2013-2014 to K50.8 billion ($77 million) in 2014-2015. It reduced further to K40 billion

($56 million) in 2015-2016 and to K31.4 billion ($43 million) in 2016-2017.[8] The decline in FISP allocations was largely due to a reduction in FISP beneficiaries from 1.5 million farmers in 2015/16 to 900,000 in 2016/17. The Finance Minister at the time, Goodall Gondwe announced that government would reduce the number of FISP beneficiaries due to 'evidence of a decline in poverty over the last ten years.' [9] The discussion later in this paper on why reforms happened under Peter Mutharika's administration shows that this decision was also motivated by a decline in government revenues and donors withholding budgetary support.

### 3.3.3 Social protection as a percentage of GDP

Some data were available for the cost of implementing some social protection programmes as a percentage of GDP for the period 2010 to 2017. This includes calculations by the International Labour Organization (ILO) that showed the cost of implementing FISP, LIPWP, SCTP, and the VSL as a percentage of GDP for the fiscal years 2010/2011 to 2013/2014 fiscal years (Van Meerendonk et al., 2016). While FISP is not classified as a social protection programme, disaggregated data for the three social protection programmes only could not be determined for this study. Therefore, data for all four programmes were used as a best estimate.

The available data show that the Malawian government spent 2.4 percent of GDP on the four programmes in 2010/2011. This doubled to 4.8 percent in 2012/2013 after Banda assumed office and rose to 6.5 percent of GDP in 2013/2014 during the last year of her presidency. The sharp increase in GDP spending for the programmes was largely due to the significant increase on FISP spending after Banda became President.

According to the Malawian government, it cost 0.5 percent of GDP to provide cash transfers to over 150,000 households in 2015 and the projected cost of covering 319,000 households by the end of 2016 was 1.1 percent of GDP (GoM, 2016b: 39). The actual cost of implementing FISP in the period 2015 to 2017 could not be determined. Yet, the allocations to FISP were equivalent to 1.2 percent of GDP in 2015, 1 percent in 2016, and 0.7 percent in 2017.[10] Data for allocations to the LIPWP were not disaggregated into annual figures. Therefore,

[8] Data on FISP allocations obtained from the 2014/2015, 2015/2016 and 2016/2017 budget speeches.

[9] 2016/2017 Budget Statement by Goodall Gondwe. Available at https://www.finance.gov.mw/index.php/documents/doc_view/237-2016-2017-budget-statement

[10] Calculated using GDP data for Malawi obtained from the World Bank and Ministry of Finance allocations on FISP.

it was not possible to calculate how much public works cost as a percentage of GDP.

## 3.4 Generosity of benefits

During the pilot phase of the SCTP, between 2006 and 2012, transfer amounts to households remained unchanged. SCTP beneficiaries for household with one person received K600 ($2.40), while households with four or more persons received K1,800 ($7.20). The SCTP also provided a school bonus for households with school going children. Households received K200 ($0.80) for each primary school child and K400 ($1.60) for each secondary school child.[11] Following the introduction of the MNSPP, the transfer amounts were adjusted upwards in January 2013.

Table 3 shows that after the nominal increase in SCTP transfer amounts in 2013, households with one person received K1,000 ($2.70), while households with four or more persons received K2,400 ($6.50). The school bonus for primary children increased nominally to K300 ($0.80) and to K600 ($1.60) for secondary school children.[12] However, due to the decline in value of the Malawian kwacha relative to the US dollar, the nominal increase in transfer amounts appear to have been insignificant in real terms.

*Table 3: Changes in SCTP transfer amounts, 2006-2017*

| **Household Size** | **Monthly Cash Transfer (Malawian Kwacha)** | | |
|---|---|---|---|
| | **2006-2012** | **2013-2015** | **2016-2017** |
| **1 Person** | 600 | 1000 | 1700 |
| **2 Persons** | 1000 | 1500 | 2200 |
| **3 Persons** | 1400 | 1950 | 2900 |
| **4+ Persons** | 1800 | 2400 | 3700 |
| **School Bonus** | | | |
| **Per child in Primary** | 200 | 300 | 500 |
| **Per child in Secondary** | 400 | 600 | 1000 |

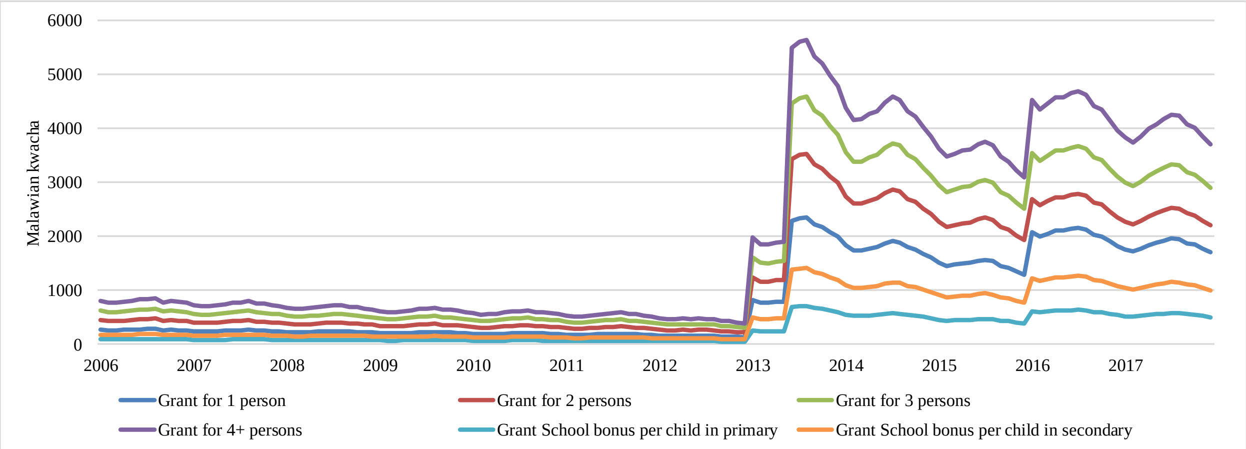
*Source: Angeles et al. (2016)*

[11] The Malawian Kwacha (K) to US$ conversions for the 2006-2012 transfer amounts were calculated using the 2012 exchange rate obtained from the National Statistical Office data.
[12] The Malawian Kwacha (K) to US$ conversions were calculated using the 2013 exchange rate obtained from the National Statistical Office data.

The SCTP transfer amounts were adjusted upwards for a second time in January 2016. However, the increments in 2013 and 2017 belied the fact that the real value of the transfer amounts declined significantly over time. Figure 3 shows changes in the real value of SCTP amounts from 2006 to 2017.

Figure 4 shows that the K1,800 transfers for a family of four or more persons were worth only K800 in 2006. The real value of all transfers declined to the extent that the real value of the transfer for a family of four was only K600 in 2012. This shows that the increase in transfer amounts in January 2013 was necessary to offset the decline in the real value of transfers. It should also be noted that the National Statistical Office (NSO) revised its calculations of Malawi's Consumer Price Index (CPI) in 2013. The NSO only provided the annual CPI for 2013 without providing monthly values. Furthermore, from 2014 onwards, the base year was revised from 1990 to 2000.[13]

*Figure 4: Real value of SCTP transfer amounts, 2006-2017*




*Source: Calculated using CPI data obtained from Trading Economics[14] and National Statistical Office of Malawi.*[15]

While it is important that transfer amounts were increased in 2013, when the data in Figure 4 is compared to poverty lines, it is evident that the benefits were not generous. Malawi's 2010/2011 Integrated Household Survey calculated the national poverty line at K37,002 ($149) per person per year. This included K22,956 ($56) for food and K14,045 ($149) for non-food items. Based on the national poverty line, the SCTP transfer amounts were not generous enough to allow each household member to live above the poverty line. For example, a household with four or more persons with at least one child in primary and another

[13]http://www.nsomalawi.mw/index.php?option=com_content&view=article&id=32&Itemid=1 [February 11, 2020]
[14] https://tradingeconomics.com/malawi/consumer-price-index-cpi [February 11, 2020]
[15]http://www.nsomalawi.mw/index.php?option=com_content&view=article&id=204%3Aconsumer-price-indiex-national-2014&catid=3&Itemid=37 [February 11, 2020]

child in secondary would receive up to K3,300 per month or K39,000 per year. This means that each household member would subsist on much less than the K37,002 per year per person threshold. If the World Bank poverty line of $1.90 is used, the transfer amounts were still not adequate to ensure that every household member lived above the poverty line. This demonstrates that even after the increase in transfer amounts in 2013, benefits remained parsimonious.

The SCTP transfer amounts were adjusted upwards again in January 2016. Figure 4 shows that the K2,400 benefits paid to a household comprising four or more persons were worth K1,800 in 2013, increased to K5,600 at the start of 2014 (after the base year was revised) but dropped to about K3,000 by the end of 2015. Benefits for households with four or more persons increased in real terms, to about K4,300 January 2016 but the real value of the transfers declined steadily thereafter, to K3,700 by March 2017. If primary and secondary school benefits were included, households could receive between K32,000 and K62,400 per annum. The size of the household and the number of school-going children determined the total benefits due to a household. Compared to the Malawi national poverty line which stood at K37,002 per person per year, cash transfer payments were not generous enough to bring beneficiaries to subsist above the poverty line. Similarly, compared to the $1.90 per person day World Bank poverty, the transfer amounts were not adequate to ensure that members of beneficiary households would meet the threshold. This demonstrates that efforts to increase the value of benefits have not been adequate to offset changes in real prices over time.

## 3.5 Legislation and status of programmes

The SCTP started as a donor funded pilot in 2006 without a national policy. While the pilot expanded to an additional six districts in 2008, the DPP government did not approve or publish a national policy. Yet, within two months of becoming president, Banda's PP government published a NSSP which paved way for the introduction of the MNSSP. The NSSP had four strategic objectives which were:

> to provide welfare support to those unable to develop viable livelihoods, to protect assets and improve the resilience of poor and vulnerable households, to increase productive capacity and the asset base of poor and vulnerable households, and to establish coherent synergies by ensuring strong linkages to economic and social policies, and disaster management (GoM, 2016b: 5).

The NSSP was launched alongside the MNSSP which was developed as an instrument to operationalize the policy. One notable outcome of the NSSP was that it defined social cash transfers as interventions targeted at the ultra-poor who were defined as consisting the 10 percent poorest households in each district. This was a departure from the SCTP pilot which conceived of cash transfers as interventions targeting Orphaned and Vulnerable Children (OVCs) afflicted by HIV/AIDS.

The MNSSP was introduced as a four-year programme in June 2012 and expired in June 2016. In April 2016, the Malawian government launched a six-month stakeholder-driven review process to assess the performance of each MNSSP programme against strategic outcomes and objectives, and to develop a successor programme for the period 2017-2021 (GoM, 2016b). The process was led by the Department of Economic Planning and Development (EP&D) in the MoFEPD.[16] The findings of the review were reported on 1 February 2017 at a workshop to start the development of the 2017-2021 MNSSP.

Based on the findings of the review, six thematic groups were established to address the main challenges of the MNSSP: (i) graduation, (ii) targeting, (iii) life cycle vulnerability and nutrition (i.e. to address basic needs of specific life cycle vulnerabilities e.g. early childhood, school age, working-age, elderly, disabilities), (iv) harmonisation of financing and payment systems, (v) coordination of programmes, and (vi) shock sensitive social protection (i.e. to determine what lessons can be learnt from the Malawi Vulnerability Assessment Committee (MVAC) to link emergency responses to longer term planning). The thematic groups were formed by a task force leading the design of the MNSSP II, which included technocrats from EP&D and donor officials from UNICEF, the German Corporation for International Cooperation (GIZ), EU, UNICEF, Irish Aid and ILO.

The MNSSP II was published in March 2018. Unlike the first MNSSP which was a four-year programme, the second will run for five years until 2023. The main departure from the first MNSSP can be summed up in the following passage taken from the executive summary:

> MNSSP II recognizes that the needs of poor and vulnerable people change over their life cycles and during times of shocks. As such, MNSSP II is not structured around individual interventions or programmes that target specific population groups. Instead it recognizes the need for all social support programmes to coordinate and work together to provide consumption support and build resilient livelihoods. Improving the shock-sensitivity of the social protection

[16] Until 2014, the Department of Economic Planning and Development existed as a separate ministry i.e. Ministry of Economic Planning and Development. Peter Mutharika reduced the number of ministries when he was elected in 2014 as part of cost cutting measures by his government. This resulted in the ministry becoming a department within the Ministry of Finance – which was then renamed Ministry of Finance, Economic Planning and Development.

system will better protect people's livelihoods against shocks (GoM, 2018: iii).

There are at least two implications of the foregoing statement. First, the MNSSP II was designed to ensure that the ultra-poor would be eligible to benefit from more than one social protection intervention provided the different programmes addressed different dimensions of poverty. With the first MNSSP, beneficiaries could only receive benefits from one programme. Second, because of recurring adverse climatic conditions which affected rainfall patterns and food production, responses to climate change were incorporated into social protection interventions. This included the provision of once-off benefits in the form of emergency cash transfers (discussed below) to individuals facing a crisis.

Aside from the MNSSP II, the DPP government published a National Policy on Older Persons in October 2016. The policy was aimed at providing a framework to coordinate all efforts by public and private sector organizations working to address the needs and rights of older persons (GoM, 2016a: 10). The policy identified older persons as vulnerable to poverty because most had worked in the informal sector and therefore had no pensions in old age. At the same time, older people were likely to be frail and unable to work to sustain themselves (*ibid.*: 11). The MoFEPD collaborated with the University of Malawi and the Aged Support Society of Malawi (a civil society organization supporting issues related to ageing) in 2005 on a study that provided evidence of the pervasive nature of poverty among older persons (*ibid.*).

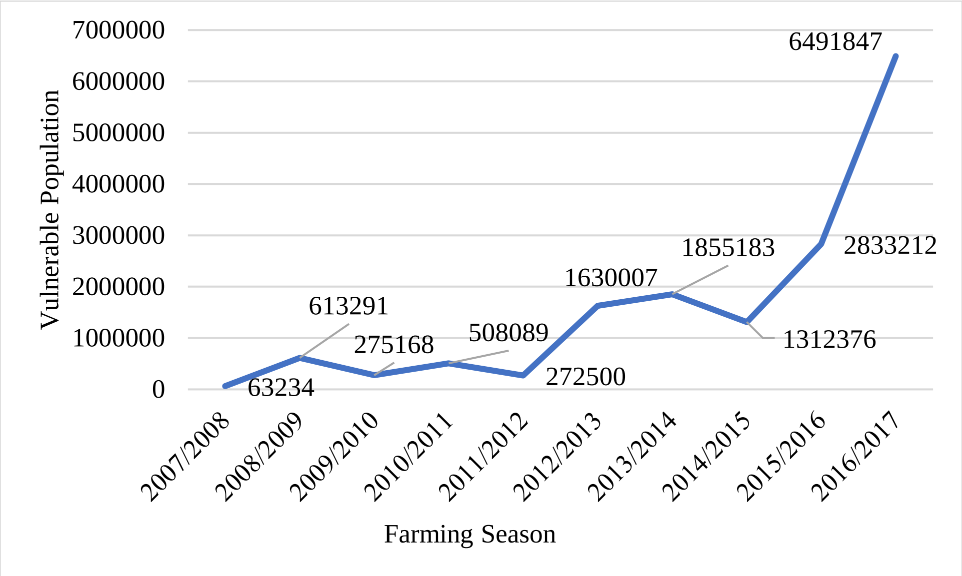
It is unclear why the policy was adopted more than a decade after the study was complete. It is reasonable to assume, however, that the enactment of the policy was delayed because both DPP governments were opposed to categorical targeting of beneficiaries. Dr. Jean Kalilani, who served as Gender, Children, Disabilities and Social Welfare minister between 2016 and 2019, asserted that Cabinet preferred poverty targeting that would encompass all categories of the poor. Yet, donors and technocrats in the MoGCDSW were supportive of the policy and may have prevailed over political elites to enact the policy.[17]

[17] Interview with Jean Kalilani, 3 March 2017

## 3.6 Emergency cash transfer programmes

The extent of food insecurity in Malawi increased in the early and mid-2000s due to climate change and adverse weather conditions during farming seasons. The Malawi Vulnerability and Assessment Committee (MVAC)[18] data show trends in the population vulnerable to food insecurity from the 2007/2008 to the 2015/2016 farming seasons. Figure 5 shows that the extent of food insecurity began to escalate in the 2012/2013 farming season. In that season, over 1.6 million people were reported to be vulnerable and in need of humanitarian assistance. Malawi also experienced droughts in the 2014/2015 and 2015/2016 farming seasons. The population vulnerable to food insecurity increased to about 3 million people (almost 20 percent of the national population). The vulnerable population more than doubled in the 2016/2017 farming season, affecting 6.5 million people, about 40 percent of Malawi's population.

*Figure 5: Population vulnerable to food insecurity, 2007-2017 farming seasons*




*Source: Malawi Vulnerability Assessment Committee*

The DPP government introduced an Integrated Emergency Cash Transfer Programme (IECTP) in December 2014 as a response to the food security challenges. This followed a March 2014 report by MVAC which showed that adverse weather conditions in the 2013/2014 farming season had contributed to household food insecurity in 21 of the country's 28 districts (Malawi Vulnerability Assessment Committee [MVAC], 2014). The IECTP provided

[18] MVAC is a committee comprising government, inter-government, academic, donor and non-profit member organisations. It is responsible for providing assessments of areas affected by adverse weather patterns and determining the number of affected households in the areas. It also determines the extent of food deficits.

short-term emergency food to vulnerable households through monthly cash transfers. Funding for the emergency cash transfer was provided by a consortium of development organizations operating in Malawi, including Save the Children (which led the emergency response), Oxfam, Goal Malawi, Concern Universal, Concern Worldwide and Christian Aid. The WFP limited its involvement to food distribution.

By January 2015, over 80,000 beneficiaries in 8 districts had been targeted and were paid once-off transfers of between K6,000 and K21,000 (i.e. between US$8 and US$28) depending on the severity of the food crisis in the district (Mbendela & Makoka, 2016). Households benefiting from other social protection interventions including cash transfers, farm inputs and public works, were not exempt from receiving emergency cash transfers.[19]

Drought in the 2014/2015 farming season put further strain on Malawi's food security position which required further interventions (in addition to the IECTP) to support affected households. In March 2015, MVAC projected that close to 2.9 million people (about 17 percent of the national population) in 25 districts would face food deficits for periods ranging between 3 and 8 months before the end of 2015. The projections showed that about 124,000 metric tonnes (MT) of maize were required to meet the food deficit and emphasised the need for humanitarian assistance to continue in 2016 (MVAC, 2015). In May 2016, President Mutharika reported (during his SONA) that the affected population had been provided with relief maize drawn from the national Strategic Grain Reserve. He also noted that government resources and funds from the World Bank (through the Malawi Floods Emergency Recovery Project) would be used to procure maize, including 100,000 MT that the government would import from Zambia and sell locally at subsidized prices.[20]

Despite improved rainfall patterns in the 2015/2016 and 2016/2017 farming seasons, food shortages persisted in 2016 and early 2017. In fact, the extent of food insecurity more than doubled. In October 2016, MVAC established that almost 40 percent of the population would require humanitarian relief. Because of the extent of the crisis, MVAC harmonized government efforts to provide relief maize with donor supported efforts to provide cash (through the IECTP) to vulnerable households.

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[19] Conversations with Laurent Kansinjiro (19 October 2016) and Mathias Mbendela, Research Fellow, Malawi Public Policy Research and Analysis Project (MPPRAP), Department of Economic Planning and Development (19 October 2016) at the Southern African Social Protection Experts Network Annual Conference in Johannesburg.

[20] "Malawi President Peter Mutharika's SONA Speech" available at http://www.nyasatimes.com/malawi-president-mutharikas-sona-speech/ [February 11, 2020]

In late 2016, MVAC conducted an assessment by collecting data from villages and Traditional Authorities in all 28 districts to determine market functionality in each district before recommending the distribution of cash or relief maize. Based on the assessments, MVAC recommended cash transfers for 30 percent of the affected population through the IECTP. These were individuals in districts that had functional markets – i.e. districts with readily available maize at local markets close to the targeted population. This population included individuals in urban centres such as the capital Lilongwe and surrounding districts in the Central Region, and the second largest city Blantyre in the Southern Region. The NGO consortium led by Save the Children provided K21,000 (US$28) in cash transfers to beneficiary households.[21]

MVAC also recommended relief food for the remaining 70 percent of the affected population. Donors supplemented government efforts to provide relief food. The WFP had primary responsibility for distributing food with the support of NGOs. Between July 2016 and March 2017, Care International provided emergency cash transfers to about 50,000 households in five districts. Beneficiary households received K6,000 (US$8). Beneficiaries of the regular cash transfer programme in food insecure districts were considered more susceptible than non-beneficiaries and were therefore also entitled to emergency relief.[22]

In December 2016, the government imported 100,000 MT of maize from neighbouring Zambia. However, media reports in early 2017 showed that the Malawian government had reportedly paid US$13 million more than it should have to import the maize in a corruption scandal dubbed 'Maizegate'. The Agriculture Minister, George Chaponda, was implicated in the scandal and the ensuing investigations resulted in cash worth nearly US$200,000 being unearthed at his home.[23] Chaponda was subsequently fired from his position, albeit after initial hesitation by Mutharika who only dismissed the minister after a sustained outcry from the public, media, civic organisations and opposition political parties.

[21] Interviews with Frank Musa, Research Fellow, MPPRAP, Department of Economic Planning and Development (2 March 2017) and George Chimseu, Technical Advisor- MVAC (2 March 2017)

[22] Interview with Geoffrey Kumwenda, Programme Director-Care International (7 February 2017)

[23] "Malawian President Fires Cabinet Minister over Maize Deal Scandal" available at https://www.voanews.com/a/malawi-presidient-fires-cabinet-minister-over-maize-deal-scandal/3735100.html [February 10, 2020]

# 4. Why were reforms promoted or constrained under each government administration?

This section discusses why reforms to promote social protection and expand the provision of cash transfers were promoted or constrained by the administrations of Bingu wa Mutharika, Joyce Banda and Peter Mutharika. The discussion that follows shows that reforms were influenced by at least two factors. The first is the ideological and electoral interests of each president and influential factions within ruling coalitions. The second is the relationship between donors and political elites in government. The discussion shows that there was a greater incentive for reforms for the state to provide more social protection when the interests of influential political elites meshed with those of donors on issues of redistribution.

## 4.1 Reforms under Bingu wa Mutharika, 2004-2012

Bingu wa Mutharika became president in 2004 after winning the presidential vote with only 36 percent, as a candidate of the ruling UDF (Hamer, 2016). He succeeded Bakili Muluzi who was constitutionally barred from seeking a third term of office. Muluzi had attempted to amend the Constitution to allow himself to contest in 2004 but was unsuccessful in his efforts. Instead, he picked on his ‘fellow Southerner’ Mutharika, who was an ‘old, relatively unknown political lightweight’, with the hope that Muluzi would continue to run the country from ‘behind the scenes’ (Murrias, 2013: 192).

Mutharika trained as a Development Economist in India in the 1960s and had vast macroeconomic experience including as a civil servant in Banda’s MCP government, as an economist at the World Bank, as United Nations (UN) Director of Trade and Development and as Secretary General for the Common Market for East and Southern Africa during the 1990s. He also served as Deputy Governor of the Reserve Bank of Malawi and later Minister of Economic Planning and Development under President Muluzi (Hamer, 2016: 11-12).

At the time of Mutharika’s election, donors had not yet initiated social cash transfers. Discussions to introduce cash transfers and a national social protection policy started in December 2005, shortly after a workshop convened by DFID to discuss the implications of two studies it had commissioned on the state of poverty in Malawi[24] (Chinsinga, 2009). The DFID workshop included participants from the Malawian government, civil society organizations and other international donors. The workshop participants recommended a shift from what they

[24] The two studies are: Devereux, S. *et al*. (2005) Vulnerability to Chronic Poverty and Malnutrition in Malawi, Lilongwe: Malawi; and Devereux, S. and Macauslan, I. (2005) Review of Social Protection in Malawi: A Desk Study, Lilongwe: Malawi

considered to be ‘ad hoc’ social safety net programmes to social support policies, as a more effective means of addressing poverty (*ibid.*). Consequently, a pilot SCTP was introduced in Mchinji district in 2006 with the support of UNICEF. The pilot programme, which was designed by German consultant Berndt Schubert, was modelled along the lines of a pilot cash transfer programme introduced in Zambia’s Kalomo district in 2003, which Schubert also designed.

With the introduction of the pilot, donors began discussions with Mutharika’s government for Cabinet to introduce a social protection policy. Two outcomes of these discussions are worth highlighting. First, Cabinet requested that the pilot be extended to additional districts in order to provide government with more evidence of the effectiveness of cash transfers. Second, in 2006, Cabinet recommended a change in the name of the draft policy, from ‘social protection’ to ‘social support.’ The change was aimed at demonstrating that beneficiaries were not ‘helpless victims of vulnerability and poverty who would remain in that state for the rest of their lives’ but rather individuals in need of support to graduate from the programme after a defined period (Chinsinga, 2009: 3).

Donors responded positively to Cabinet’s request to extend cash transfers to additional districts. With technical support from UNICEF, the Malawian government, through the National Aids Commission (NAC), developed a proposal to obtain funding from the GFATM. During this period, social protection was conceived as a response to the HIV/AIDS pandemic with cash transfers being targeted at OVCs. This was largely due to the influence of UNICEF whose core mandate is children, with a special focus on those afflicted by HIV/AIDS, which also explains why NAC was the lead government agency in the funding proposal. With funding from GFATM, the cash transfer pilot was extended to six additional districts in 2007/08. Also, in 2007, GFATM took responsibility for funding the Mchinji pilot. This brought the total of districts piloting cash transfers to seven out of 28.[25]

In 2008, UNICEF in collaboration with the United States Agency for International Development (USAID) conducted an evaluation of the Mchinji pilot. The results showed that the programme had contributed to improved food security and an increase in the retention rate amongst primary school children. Based on these findings, some donor agencies expressed interest in funding additional districts.

[25] Interviews with Laurent Kansinjiro, Principal Social Welfare Officer-Ministry of Gender, Children, Disability and Social Welfare (7 February 2017), Patience Masi, Senior Project Coordinator-KfW (7 February 2017), Tom Mtenje, Senior Technical Officer-Social Protection Programme-GIZ/Ministry of Finance, Economic Planning and Development (8 February 2017), Chipo Msowoya, Programme Manager, Economic Governance and Social Protection-European Union (9 February 2017) and Sophie Shawa, Social Protection Officer, UNICEF-Malawi (14 February 2017)

These include the German government through the German Development Bank (KfW) and the European Union (EU). Nonetheless, donors requested government to implement a social protection (or social support) policy as a precondition for funding. While discussions around developing a policy were mooted as early as 2005, followed by the actual drafting process which started in 2008, the policy remained unpublished at the time of Mutharika's death in April 2012.[26]

From around 2008, the Malawian government was the lead agency in drafting the policy. The Ministry of Economic Planning and Development, working in tandem with the MoGCDSW, had principal responsibility for the drafting process. International donors interested in supporting cash transfers and local civil society organizations played important advocacy roles. At the same time, consultations were held with various interest groups, many of whom were opposed to the idea of 'giving someone cash for free'.[27] These included community members who would not be beneficiaries, technocrats at the district in the MoGCDSW, and Ministry of Finance technocrats in the capital, Lilongwe. Technocrats at Finance opposed cash transfers by arguing that the programme would promote consumption. In addition, the ministry argued that the programme did not link with broader economic growth strategies.[28]

Major reservations were also expressed by the government executive. Influential members of Cabinet including Mutharika and his Finance Minister, Goodall Gondwe, were more disposed towards empowering Malawians through food production, and spoke strongly against creating a culture of begging, handouts and dependency (see Hamer, 2016: 17-18). The ideas and beliefs of Mutharika and Gondwe towards cash transfers are best understood by considering their attitudes towards farm subsidies on the one hand and donors on the other.

Regarding farm subsidies, the Malawian government was already implementing FISP which targeted smallholder farmers at the time donors introduced a pilot cash transfer programme. FISP, which was referred to as the Agricultural Input Subsidy Programme until 2010, was introduced in 2005, a year after Mutharika's

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[26] Interviews with Laurent Kansinjiro, Principal Social Welfare Officer-Ministry of Gender, Children, Disability and Social Welfare (7 February 2017), Patience Masi, Senior Project Coordinator-KfW (7 February 2017), Tom Mtenje, Senior Technical Officer-Social Protection Programme-GIZ/Ministry of Finance, Economic Planning and Development (8 February 2017), Chipo Msowoya, Programme Manager, Economic Governance and Social Protection-European Union (9 February 2017) and Sophie Shawa, Social Protection Officer, UNICEF-Malawi (14 February 2017)

[27] Interview with Sophie Shawa

[28] Interviews with Laurent Kansinjiro, Patience Masi, Tom Mtenje, Chipo Msowoya and Sophie Shawa

first election as president and the same year that he resigned from the UDF to form the DPP. It is instructive to note that Mutharika defined his presidency around food security which was both useful for distinguishing himself from his former benefactor Muluzi – with whom he fell out of favour in 2004 following intra party competition in the UDF – and for building a programmatic brand that was necessary for guaranteeing the electoral success of his newly formed party in future elections (Hamer, 2016).

FISP was a response to a famine in 2002 that was precipitated by drought. Although the famine was mitigated by emergency food imports, Malawi's food crisis persisted throughout 2003 and 2004. Through FISP, smallholder farmers were provided with subsidized farming inputs. The programme was designed and implemented to ensure that smallholder farmers – and not larger scale farmers – were the principal beneficiaries (Brazys et al., 2014: 11). It was not until 2005/06 that Malawi recorded its first surplus in maize production since the 2000/01 farming season (Brazys et al., 2014: 11). Gondwe presided over increased spending on farm input subsidies which cost the government 7 percent of the 2006/07 budget, and coverage of 67 percent of deserving farmers. The implication was that 'maize yields more than doubled from 1.2 million MT in 2004/05 before the introduction of the subsidies, to 2.7 million in 2005/06 and then 3.4 million in 2006/07' (Hamer, 2016: 15).

Afrobarometer data also show that Malawian citizens' ratings of the government's ability to ensure enough to eat, its performance in managing the economy, and approval of a president's performance in the last twelve months, were significantly higher in 2008 under Mutharika than they were during other surveys conducted between 1999 and 2014. Research also shows that FISP was popular with citizens and contributed to Mutharika's two-thirds majority in the 2009 elections (Hamer, 2016). Similar ratings for social cash transfers were unavailable because Afrobarometer did not include questions about the programme. Because FISP proved to be highly successful at improving national food security, Mutharika's government was reluctant (at least initially) to implement another subsidy or handout programme that would also target the same category of poor people.

Another important aspect of Mutharika's attitude towards cash transfers relates to his skepticism towards programmes championed by donors who, incidentally, were also opposed to some of his interventionist agricultural policies. FISP was introduced amidst strong opposition from donors, notably the World Bank, who viewed subsidy schemes to be disastrous based on experiences of similar programmes implemented by African countries in the 1980s (Hamer, 2016). Donors were also dismayed at the huge cost to the government of implementing farm subsidies at a time when external budgetary support was as high as 41 percent (Chirwa & Chinsinga, 2013). Furthermore, during Mutharika's second term of office i.e. between 2009 and 2012, donor-government relations deteriorated significantly. The deterioration was occasioned by the Malawian government reneging on some conditions of an IMF supported programme.

In the mid-2000s, the IMF placed Malawi on an Extended Credit Facility (ECF). Adherence to the ECF was as a precondition for continued budgetary support from other development partners. Nevertheless, Mutharika's government was reluctant to implement two specific conditions. The first was to liberalize the pricing of essential commodities including maize and fuel, and the second was to devalue the Malawian kwacha. This was in response to the governments' introduction of price controls and a fixed exchange rate regime. For his part, Mutharika argued that lifting price controls would make essential commodities unaffordable for most Malawians while floating the kwacha would lead to perpetual depreciation which would in turn lead to run-away inflation. The IMF dismissed this argument, suggesting that devaluing the currency would not have a significant effect on inflation, and that an equilibrium in the exchange rate would be reached eventually.

Because Mutharika did not acquiesce to IMF demands, some donors, including the German government, threatened to withdraw budgetary support. By 2011, donor funding was restricted to strategic sectors including education, health and FISP. Even though donors opposed farm subsidies, they started providing modest funding to FISP in 2005/06 in response to Mutharika's threats to redirect resources from other strategic sectors to farm subsidies. After donors withdrew budgetary support in 2011, the British government through DFID increased funding towards FISP to ensure that funding towards strategic sectors such as education and health was not affected.[29]

Moreover, Mutharika was determined to implement 'African solutions to African problems' and argued that 'the best way to attain African renaissance is to free the African mind-set from colonial and neo-colonial indoctrination' (Malawi High Commission, 2011). Mutharika viewed FISP as an indigenous solution to food security – which he considered to be Malawi's preeminent problem. Afrobarometer data show that by 2008, 53 percent of respondents believed government was ensuring enough food to eat, an increase from only 20 percent in 2005. In 2009, Mutharika was overwhelmingly re-elected after obtaining 66 percent of the presidential vote, an increase from 36 percent when he ran as a UDF candidate in 2004 (Hamer, 2016). Buoyed by his strong electoral performance, Mutharika was more determined to challenge donors on policy issues, including on social cash transfers. Ephraim Chiume, who served as a Minister under

[29] Interviews with Tom Mtenje and Chipo Msowoya

Mutharika's government between 2009 and 2012, and later under Banda between 2012 and 2014, noted that:

> [cash transfers] are what we call pro-poor programmes. Sometimes (during Cabinet meetings), [Bingu wa Mutharika] couldn't understand when you say pro-poor, what are we really talking about? [He would ask] things like…when you say pro-poor, what is it that we mean as a country and even as a world because sometimes these are catch words which have been advanced by the World Bank, IMF and what have you.[30]

Khumbo Kachali, who served as Vice President between 2012 and 2014, and held various Cabinet posts under Mutharika between 2004 and 2010, noted regarding Mutharika's attitude to cash transfers that:

> My assumption is that at that particular moment, President Mutharika may not have been in good books with [donors] and then looking at a policy which gives leeway with [donors], you recall…that it was cat and mouse with [donors]. So, anything that was coming from [donors], I doubt if the late President would have had a blessing on it.[31]

Relations between donors and the DPP government soured further into Mutharika's presidency, as he faced growing accusations of becoming authoritarian. The withdrawal of donor support because of Mutharika's intransigent approach to the IMF supported ECF, was followed by foreign exchange and petrol shortages, and increased food costs. This was in addition to a crippling electricity crisis (Gabay, 2014:2). Malawian civil society organizations staged protests nationwide highlighting the dire socio-economic conditions but were repelled by state security services, resulting in the death of 19 protestors (*ibid.*). Mutharika also expelled the British High Commissioner to Malawi who accused him of being autocratic (see Gabay, 2014; Chinsinga, 2014).

Despite the differences between donors and the DPP government, drafting of the social support policy was completed at the time of Mutharika's death although it remained unpublished. The DPP government made various revisions to the policy between 2008 and 2012 which were aimed at ensuring that the policy reflected the aspirations of government as much as possible. It has also been suggested that the DPP government under Mutharika was preoccupied with macroeconomic

[30] Interview with Ephraim Chiume, Member of Parliament (People's Party) and Minister of Foreign Affairs 2012-2014 (28 February 2017)

[31] Interview with Khumbo Kachali, Member of Parliament (People's Party) and Vice President, 2012-2014 (24 February 2017)

challenges, including the fallout with the IMF over the ECF, and thus concerns around cash transfers and a social support policy did not receive urgent attention.[32]

## 4.2 Reforms under Joyce Banda, 2012-2014

Prior to entering politics, Banda earned a reputation as a relentless advocate for women's rights and champion of gender equality. She founded a women's empowerment organisation – the National Association of Business Women – which made her a well-known public figure in Malawi. She also founded the Joyce Banda Foundation to advance education for girls and established several businesses between 1985 and 1997. She entered national politics when she stood for selection as a UDF parliamentary candidate for Zomba Malosa constituency in the Southern Region ahead of the 1999 national elections. She was selected by the UDF and became Member of Parliament (MP) after winning the election. She was then appointed Minister of Gender and Community Services by President Bakili Muluzi. Banda was re-elected to parliament in 2004 as a member of UDF but soon after followed Mutharika into the DPP in 2005. Mutharika rewarded her by appointing her as Minister of Foreign Affairs in 2006.[33] Ahead of the 2009 national elections, Mutharika selected Banda to be his running-mate in part because of her grassroots appeal. Therefore, when Mutharika died in office after a cardiac arrest, Banda was inaugurated as Malawi's fourth President on 7 April 2012, two days after his death (Chinsinga, 2014).

Even though the Malawian Constitution dictated that a President is succeeded by the Vice in the event of death, Banda's trajectory to the presidency was shrouded with controversy. Banda was elected Vice President in 2009 but she was dismissed from the ruling DPP a year later. In 2010, Mutharika appointed his younger brother, Peter Mutharika as president of the DPP in a move aimed at positioning him for the republican presidency at the next general election. Banda resisted pressure from Bingu wa Mutharika to endorse the younger Mutharika and in turn faced calls from a pro-Mutharika faction within DPP to resign the vice-presidency. When Banda resisted these calls, she was ejected from the ruling party in December 2010 but remained republican vice president in line with the Constitution. Banda then formed the People's Party in September 2011 (Patel & Wahman, 2014; Hamer, 2016).

Therefore, when Bingu wa Mutharika died in April 2012, some members of the DPP – including six cabinet ministers now infamously referred to as 'the midnight

[32] Interviews with Tom Mtenje and Chipo Msowoya

[33] Joyce Banda's profile was compiled from various sources including: Up Closed https://upclosed.com/people/joyce-banda/ [accessed 26 July 2018], Al Jazeera https://www.aljazeera.com/news/africa/2012/04/201247163726657558.html [accessed 24 and 26 July 2018], Patel and Wahman (2014) and Hamer (2016).

six'[34] – sought to block her ascendency to the presidency arguing that she was no longer a member of the DPP. The 'midnight six' intended to install Peter Mutharika as president but were prevailed upon by the military, civil society, judiciary and media who called for the country's constitutional order to be followed (Gabay, 2014: 1).

President Banda inherited a struggling economy aggravated by estranged donor relations. With only two years until the next general elections in 2014, Banda was desperate to consolidate her hold on power. By August 2012, Banda had convinced 110 MPs to join the PP, mostly from the DPP but also from the UDF, smaller parties and independents, some of whom were then rewarded with Cabinet posts (Svåsand, 2014). Notably, members of the pro-Mutharika faction within the DPP did not defect to the ruling party. Banda also normalized relations with donors and implemented economic reforms her predecessor had opposed. The PP government devalued the kwacha by 49 percent which was important for resuming budgetary support. The availability of foreign exchange and fuel eased as a result, but essential commodities became unaffordable for most Malawians, as inflation rose from 21 to 28 percent between January and December 2012 (Chinsinga, 2014: 21). To mitigate these effects, donors recommended the expansion of social protection programmes including public works and cash transfers (*ibid.*).

The government further committed to expanding the coverage of FISP. Banda's government also expedited the enactment of a NSSP which was necessary for donor support for social protection programmes. Subsequently, the SCTP was scaled up from a pilot to a national programme with support from the German government through KfW, the EU, Irish Aid, and the World Bank. By the end of Banda's term, the SCTP was being implemented in 18 out of 28 districts.

Banda's decision to restore donor relations and expedite the implementation of the social support policy had two broad objectives. The first was to address the economic challenges she inherited and the second was to enhance her chances of winning elections in 2014. Banda adopted a social protection brand to distinguish herself from her main competitors. It was important for Banda to adopt a brand that would resonate with voters not least because Bingu wa Mutharika had

[34] The 'midnight six' consists of six senior members of Mutharika's Cabinet led by Patricia Kaliati who appeared on Malawian national television at midnight on Friday 6 April 2012 to announce that Mutharika was unwell and that the country would be further updated. The ministers also announced that Joyce Banda would not be eligible to succeed Mutharika in the event of a vacancy because she had formed her own party. Unbeknownst to the Malawian public, Mutharika had already died at the time of the address. The other five ministers were Dr Jean Kalilani, Henry Mussa, Kondwani Nankhumwa, Simon Vuwa Kaunda, and Nicholas Dausi.

successfully cultivated a food security brand that was instrumental to his 2009 resounding victory and that his party, the DPP, inherited under the leadership of the younger Mutharika, who promised to continue his brother's legacy (Hamer, 2016; Hamer and Seekings, 2017).

Whilst Banda largely continued with economic reforms started by Mutharika, including FISP, she presided over the expansion of cash transfers and other social protection programmes that Malawians came to identify with her presidency. Donors and government technocrats were optimistic that Banda's presidency would lead to increased government support towards cash transfers in particular because of her background as an advocate for the plight of women and poor people through her involvement in various non-governmental organizations, particularly in the years prior to joining active politics shortly before the 1999 general elections.

Donor optimism was seemingly proved right when Banda's government committed to funding cash transfers in one district. In 2013, the government announced it would fund a cash transfer programme in Thyolo district. Far from being excited, donors expressed reservations at the district government had chosen to fund. The criteria for funding districts was developed by an independent consultant, Ayala Consulting, in 2011, which provided guidelines for the order in which districts would be targeted based on poverty profiles for each district, with data obtained from the 2007 Integrated Household Survey.[35] While Thyolo was the next district to be targeted after the 17 that were already implementing cash transfers at the time, donors and government technocrats did not support government's decision to fund the district, amid concerns that political considerations had motivated the decision.

Thyolo district was a DPP stronghold and the home region of the Mutharika brothers. Furthermore, it was also the home region of Anitta Kalinde, the Gender and Social Welfare Minister in Banda's administration. Kalinde was also Member of Parliament for Thyolo North constituency, having been elected as a DPP member in 2009, before crossing the floor to the PP in 2012. Therefore, funding Thyolo appeared to be aimed at bolstering Kalinde's popularity in her constituency (especially as she would be seeking re-election on a PP ticket in 2014) and an attempt for the ruling party to win support away from the DPP in its stronghold. Nonetheless, Banda's government was unable to provide adequate funding for Thyolo district. The targeting process to identify beneficiaries started in 2013 but had not been completed at the time of the May 2014 general elections. Although some transfer payments were made to households that were targeted,

[35] Interview with Patience Masi

they were inconsistent.[36] In the end, both Banda and Kalinde lost to the DPP in Thyolo district in the 2014 elections.

Even though Banda generally supported social protection efforts, she branded herself around clientelistic programmes, for which she was the main benefactor. These included handout programmes such as the Cow-a-Family initiative and the Mudzi Transformation Trust (MTT),[37] both of which targeted women, children and the poor. The former was introduced ahead of the 2014 general elections and was designed to provide poor families with one dairy cow to assist them out of poverty. By April 2014, 756 cows had been distributed in 24 districts while 8,680 goats and sheep were also distributed through a parallel Small Stock Project (Hamer, 2016: 31). The MTT was a Banda-led initiative to build houses for the poor in both rural and urban areas. Five hundred houses were built around the country by the end of 2013 at a cost of around US$2.5 million (*ibid.*: 33). Banda also distributed maize to poor people in bags branded 'Joyce Banda' during election campaigns (Hamer & Seekings, 2017).

While it was significant that Banda's government published a social support policy and scaled cash transfers from a pilot to a national programme implemented in 18 districts, there was not much of a departure from the Bingu wa Mutharika era in terms of public policy. Rather, the main departure was the introduction of other social interventions that were evidently mechanisms for clientelistic politics. A minister who served in Joyce Banda's Cabinet noted that:

> when [Joyce Banda] came in, she literally just took over the Bingu kind of programmes. The only thing which she had was that she was coming in and immediately she was going to campaign. So, she had to balance the real development issues and strategic issues with the populist kind of strategies which can make her re-elected.[38]

Moreover, it is worth noting that the distribution of Joyce Banda branded maize, the Cow-A-Family initiative and the Mudzi Transformation Trust houses were mostly financed through resources raised by Banda and her party, and not through the national budget. This at times put Banda at odds with some members of her own Cabinet, including her vice, Khumbo Kachali, who were not always in agreement with the way some of the programmes were implemented. Speaking about the MTT, Kachali stated in an interview that:

> One of the challenges is that the programme targeted very few people. It was a pilot; it wasn't in the budget. The funding I think came from

[36] Interviews with Laurent Kansinjiro and Patience Masi
[37] Mudzi is chiChewa for village
[38] Interview with Ephraim Chiume

> South Korea. I think the president was handling that herself. I was not involved because I had my own reservations.[39]

Reservations towards some of Banda's social assistance programmes were also held by opposition politicians, technocrats and donors. Some interviewees believed that Banda's penchant for handouts proved inimical to her presidency and electoral prospects. A donor official submitted:

> when Joyce Banda came in…she spent the whole two years that she was the president just giving out stuff. That was what she used to do. On a daily basis…she was on the road giving out maize and cows. That's not being president…She was crazy![40]

Though the change of government from Bingu wa Mutharika to Joyce Banda resulted in noteworthy economic and social policy reforms, a scandal unearthed in September 2013 undermined her government's efforts to reform. More than 60 government officials were implicated in a US$ 30 million scandal dubbed 'Cashgate', which led to the suspension of US$150 million in budgetary support to the government. Banda's corruption problems were compounded by a drought in the last quarter of 2013 that left close to 10 percent of the population unable to meet their food needs. By January 2014, only four months before the general elections, the price of maize had almost doubled (Hamer, 2016: 40).

In the 2014 elections, Banda competed against 11 other presidential candidates, although only three of them proved to be strong competitors. Peter Mutharika of the DPP campaigned on his late brother's platform of food security and promised to address challenges of food insecurity that resurfaced in 2014. The MCP, which was in power between 1964 and 1994 under President Hastings Kamuzu Banda, also contested under its new president Lazarus Chakwera, while Atupele Muluzi, the son of Malawi's second president Bakili Muluzi, stood as presidential candidate for the UDF. Mutharika won the presidential elections with 36 percent of valid votes. Chakwera was second with 28 percent. Surprisingly for an incumbent, Banda finished a distant third with 20 percent. Muluzi was fourth with 14 percent while eight other candidates shared 2 percent.

The 2014 election results demonstrated the re-emergence of regional voting patterns that were salient in elections held between 1994 and 2004. Mutharika won in the south where his co-ethnics, the Lomwe, predominate. Chakwera of MCP won in the Central Region amongst his Chewa co-ethnics. Joyce Banda won in the north despite being a southerner, after receiving endorsements from prominent northern politicians which was made possible because her husband

[39] Interview with Khumbo Kachali
[40] Interview with donor official

originated from the Northern Region. Muluzi of the UDF won in the eastern part of the Southern Region drawing largely on the support of his fellow Yao speaking Muslim population. Although Mutharika won the Southern Region only, his ability to finish second in the North and Central regions bolstered his overall performance, allowing him to win the election (Patel & Wahman, 2014; Dulani & Chunga, 2014; Hamer, 2016).

Hamer and Seekings (2017) have demonstrated the limits of Joyce Banda's social protection brand for winning the 2014 election. Banda's campaign – and by extension her policies – focused on handouts such as maize, cows and houses, but these only benefited an insignificant proportion of the population. Other factors undoubtedly account for her loss. For example, a survey conducted in 2013 provides evidence that Cashgate and related corruption scandals likely decreased her support. The survey demonstrates that media reports implicating Banda and the PP in the Cashgate scandal tarnished her credibility for voters, with the effect being more evident among swing voters than core voters (Zimmerman, 2014: 215).

Other factors explaining Banda's loss include a return of drought at the end of 2013 resulting in both food shortages and increased food prices, and perceptions her government was handling the economy poorly[41] (Dulani & Chunga, 2014; see also Chinsinga, 2014). Furthermore, the PP was weakened by defections of its MPs back to the DPP at the height of the Cashgate scandal (Zimmerman, 2014). Moreover, Chakwera's election as MCP president a few months before the 2014 general elections revived the former ruling party's declining support, especially in the Central region, which helped to swing support away from Banda (Dulani & Chunga, 2014: 250). Still, the nostalgia some Malawians had of the success of the DPP's first term and a desire to elect a president who would continue with Bingu wa Mutharika's food security legacy, proved crucial for Peter Mutharika's candidacy, more so in DPP strongholds (Hamer, 2016; Hamer & Seekings, 2017).

## 4.3 Reforms under Peter Mutharika, 2014-2017

Peter Mutharika received a Law degree from University of London in 1965. Between 1966 and 1969, he received LL.M and JD degrees from Yale University. Thereafter, Mutharika had an extensive career as a Law professor at universities in Tanzania, Ethiopia, Uganda, and the USA, including a 34-year stint at Washington University that lasted until around 2003. When the older Mutharika was selected by the UDF in 2003 to run for the 2004 presidential election, Peter

[41] An Afrobarometer survey conducted in 2014 showed that 78 percent of Malawians felt the country was headed in the wrong direction.

Mutharika joined his brother's campaign as a strategic advisor concentrating on foreign relations.[42]

Between 2004 and 2009, he served as a presidential advisor to his brother while also serving as Chair of the Institute for Democracy and Policy Studies in Malawi. In 2009, Mutharika stood as a parliamentary candidate in Thyolo East as a member of the DPP, a party he helped his brother to form in 2005.[43] He won the parliamentary election with 85 percent of votes cast. He was appointed to Cabinet in 2009, first as minister of Justice and Constitutional Affairs and then as education minister. In September 2011, he was appointed minister of foreign affairs.[44] It was during his time heading the foreign ministry that the British High Commissioner to Malawi was expelled, which led to a diplomatic crisis between Britain and Malawi, including the suspension of foreign aid. [45]

When Bingu wa Mutharika died in 2012, the younger Mutharika assumed leadership of the DPP which became an opposition party without losing an election. In the 2014 national elections, the party campaigned on its record of good economic management during its eight-year rule. On the campaign trail, Peter Mutharika's theme was to 'continue from where my brother left off' (Hamer, 2016: 39). Regarding its policy positions, the party's 2014 manifesto made no mention of cash transfers or social protection but focused on the party's achievements when it was the governing party. The manifesto stated that:

> The DPP has been tried and tested and has proved its salt. We made promises which we kept. Promises to drastically reduce the number of households which were perpetually without food…The DPP government will not pursue the trickle-down economics, but rather will implement bottom-up economic policies aimed at getting the poor out of poverty into prosperity. We have done this before; impacted on the lives of millions of Malawians through food security and economic opportunities; our government brought down poverty levels in Malawi from 64 percent down to 42 percent, in addition to making history for Malawi as the fastest growing economy in Africa. We will simply perfect our approach to the development of Malawi, increase

[42] Profile of Peter Mutharika, available at UP Closed https://upclosed.com/people/peter-mutharika/ [February 10, 2020]
[43] *ibid.*
[44] *ibid.*
[45] Elliot Ross, "A very short introduction to Peter Mutharika, Malawi's new President" available at Africa is a Country, https://africasacountry.com/2014/06/a-very-short-introduction-to-peter-mutharika-malawis-new-president [accessed 15 November 2018]

> productivity and make life better for all Malawians (Democratic Progressive Party [DPP], 2014: 8-10).

The DPP won re-election on the back of its implementation of FISP and good economic management. Peter Mutharika was inaugurated as Malawi's fifth president on 2 June 2014. His Cabinet consisted senior DPP leaders who were loyal to the older Mutharika and did not defect to Banda's party. These senior leaders include Goodall Gondwe who was re-appointed Minister of Finance, George Chaponda, who was appointed minister of the influential agriculture ministry and Leader of Government Business in Parliament, and the 'midnight six'ministers, including Patricia Kaliati who was appointed Minister of Gender, Children, Disability and Social Welfare, and Dr. Jean Kalilani who succeeded Kaliati at MoGCDSW in 2016.

Important challenges plagued the new DPP government from inception, including drought, declining economic growth, increased food insecurity and lack of budgetary support from donors (World Bank, 2016). Thus, donors supporting the social protection sector and government technocrats recognized the need to expand cash transfers and related programmes to provide a safety net for the poorest. By November 2015, coverage of the SCTP had expanded to 159,857 beneficiary households in 18 districts at an estimated cost of 0.6 percent of GDP (Pellerano & Juergens, 2016: 6).

Even then, SCTP financing remained almost exclusively the domain of donors who accounted for 90 percent of funds. The Government of Malawi provided 10 percent counterpart funding which covered operational costs and salaries for district officials responsible for administering the programme. In addition, the government had primary responsibility for funding cash transfers in Thyolo district. Nonetheless, funding for Thyolo was inconsistent and by February 2017, beneficiary households in the district had not received transfer payments since December 2015.[46]

The low level of government funding in Malawi was a great source of concern for donors and technocrats who feared for the sustainability of the programme in the event donor funding ended. While the cessation of donor funding to cash transfers remains unlikely, at least not until 2023 when the MNSSP II expires, it is telling that political elite attitudes towards social protection have remained relatively unchanged since the mid-2000s, with both DPP governments resisting donor recommendations to assume principal financing obligations.

[46] Interview with Laurent Kansinjiro

Nevertheless, important social policy reforms happened between 2014 and 2017 under President Peter Mutharika, but these mostly reflected responses to humanitarian crises and the influence of donors. Public statements from the government show support for social interventions targeted at the ultra-poor but actual interventions show a bias towards the active poor. In his 2016 state of the nation address, President Mutharika announced that the government would continue implementing social support programmes in order to provide cash transfers to poor people which would enable them to purchase subsidized farm inputs and food during the lean season. Despite this, some donor officials and government technocrats held the view that Mutharika and Gondwe were not enthusiastic about cash transfers.[47] Some donors considered it necessary to improve communications with influential Cabinet members, including Gondwe, to win support for increased government funding. There was also lack of support from influential technocrats in the Treasury who still had concerns about the contribution of cash transfers to broader economic growth strategies.

Nonetheless, some support for cash transfers did exist within Cabinet. For example, Dr. Kalilani noted that the DPP government was committed to reducing poverty and 'would do anything possible' to achieve that goal, including implementing social assistance programmes.[48] Kalilani argued that after the DPP's election in 2014, the government's priorities were to address crises such as floods and food insecurity, which made funding cash transfers difficult given limited fiscal space. This also explains why the government supported the implementation of emergency cash transfers which aided households affected by adverse weather conditions for a season, unlike regular cash transfers which were paid monthly.

The state of public finances also contributed to decisions regarding social protection. Following the suspension of an IMF programme in mid-2011, and the Cashgate scandal in late 2013, budgetary support was suspended by key bilateral partners such as the British government and multilateral donors, including the World Bank. Malawi's growth rate slumped from 7 to 1.4 percent between 2011 and 2012, and government revenues continued to decline in the years that followed (Chirwa & Chinsinga, 2013). This forced the government to implement measures such as adopting a 'zero deficit budget' while the President and his Cabinet took half-salary pay cuts in 2014.[49] Also, during the mid-year review for the 2016/17 budget (in February 2017), Gondwe announced a series of spending

[47] This point was raised by donor officials interviewed for this study.
[48] Interview with Jean Kalilani
[49] Interview with Jean Kalilani

cuts because over US$70 million in pledged external grants was withheld by multilateral donors due to outstanding economic reforms.[50]

The fiscal constraints faced by the government resulted in nominal reductions to budgetary allocations even to strategic sectors such as agriculture. The 2014/15 FISP budget was US$58 million and increased nominally to US$89 million in 2015/16. It then reduced nominally to US$44 million in 2016/17. This was largely due to a reduction in FISP beneficiaries from 1.5 million farmers in 2015/16 to 900,000 in 2016/17. Although Gondwe attributed the reduction to 'evidence of a decline in poverty over the last ten years', the decision appears to have been motivated by a decline in government revenues.[51]

Some DPP officials noted that it was useful for the government to prioritize sectors such as agriculture, education and health, given that donors had committed support to social assistance. The officials argued that lobbying donors to support cash transfers was indicative of government's support for the programme and not aversion to 'handouts'.[52] Patricia Kaliati, who was MoGCDSW minister between 2014 and 2016, stated that political leaders had an obligation to provide social assistance to the poorest that were responsible for electing them. According to Kaliati:

> some of us who have these (elected) positions because of the poor person who woke up early in the morning to vote for us, we need to think about that person. And we need to be accountable to that person. So, we need to do things in that quick pace so that we can close the gap (between the rich and the poor) as quickly as possible. One way of saying thanks so much is to make sure that we bring these programmes (cash transfers) to them.[53]

Notwithstanding claims that the DPP government is committed to cash transfers, donors and MoGCDSW technocrats lobbied for increased government support to guarantee the sustainability of the programme in the long term. Some stakeholders also proposed the redirection of some funds from FISP to increase government's contribution to SCTs. Yet, there was no indication that the government would

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[50] Full Mid-Year Budget Review Statement By Minister Of Finance, Dr. Goodall Gondwe. Available at https://malawiindependentblog.com/2017/02/17/full-mid-year-budget-review-statement-by-minister-of-finance-dr-goodall-gondwe/ [February 10, 2020]

[51] 2016/2017 Budget Statement by Goodall Gondwe. Available at https://www.finance.gov.mw/index.php/documents/doc_view/237-2016-2017-budget-statement [February 10, 2020]

[52] Interviews with Dr. Jean Kalilani, Dr. Esmie Kainja, Dr. Collins Magalasi, Executive Assistant and Chief Economic Advisor to the President (23 February 2017) and Patricia Kaliati, Minister of Civic Education, Culture and Community Development (1 March 2017)

[53] Interview with Patricia Kaliati

implement this proposal. The government was committed, however, to assuming full funding responsibilities in the long term, possibly around 2030.[54] This suggests that social assistance would remain primarily donor funded for the foreseeable future.

The fact that the DPP won elections in 2009 and 2014 using a food security brand, while Banda lost in 2014 campaigning on a social protection brand, appears to have influenced ruling elites in the DPP to focus on promoting farm subsidies at the expense of cash transfers. The attitudes towards cash transfers by influential DPP leaders such as Gondwe and the strained relationship between the government and donors, also militated against donor efforts to secure increased tax funding for the SCTP. Regardless, senior DPP Cabinet ministers supported the expansion of cash transfers if they were funded by donors.

# 5. Conclusion

Hitherto, research on Malawi has provided little evidence to explain how and why social protection reforms have happened over time. Kalebe-Nyamongo and Marquette (2014) arguably provide the most insightful analysis of why donor supported social protection reforms were resisted by the DPP government between 2006 and 2012. Their study showed that most political elites (regardless of political affiliation) were opposed to cash transfers because they believed the poor had fatalistic mindsets and were to blame for their own poverty. Other studies like Hamer (2016) and Hamer and Seekings (2017) show that, during the 2014 national elections, leading presidential candidates and political parties branded themselves differently on social issues but these studies do not discuss the relationship between branding and public policy after the elections.

Drawing on the work of Carbone and Pellegata (2017), this paper argues that changes of government in Malawi matter for the provision of social protection. The paper shows that donor efforts to persuade government to expand pilot cash transfers into a national programme were constrained by Bingu wa Mutharika’s administration, but significant reforms were made to expand social cash transfers during Banda’s two-year presidency. Yet the return of the DPP in 2014 did not guarantee increased state support for social protection because the newly elected political elites were more interested in promoting food security at the expense of providing social assistance. Nevertheless, DPP leaders cited fiscal constraints for failing to fund cash transfers and appealed for continued donor support instead.

To the extent that changes of government have occurred in Malawi, they have not translated into clear ideological shifts between ruling coalitions. This differs from

[54] Interview with Jean Kalilani, 3 March 2017

the case of Zambia where a change of government in 2011 resulted in a shift from a party that governed on a predominantly liberal (or neoliberal) platform to one that identified as social democratic and supported pro-poor reforms including the expansion of social protection programmes (Siachiwena, 2016). Rather, changes of government in Malawi have revolved around individuals who were able to form new ruling coalitions after breaking away from their erstwhile political bases. This was the case when Bingu wa Mutharika left the UDF to form the DPP in 2005 (taking with him many UDF MPs). Similarly, when Joyce Banda became president under her newly formed PP (after her expulsion from the DPP), she formed a new coalition that included many DPP defectors. Furthermore, the fallout of the Cashgate scandal months before elections resulted in an exodus of PP MPs back to the DPP which contributed to Peter Mutharika's 2014 election.

This paper demonstrates that domestic politics in competitive low-income African democracies matter for understanding why some governments either promote or constrain efforts to promote donor initiated social protection interventions. The dynamics of Malawian politics are useful for understanding how and why the three ruling coalitions that governed between 2004 and 2017 differed in their support for social protection. The paper also shows the limits of Carbone & Pellegata's (2017) analysis which argues that electoral turnovers lead to more provision of social welfare in Africa. This paper shows that while electoral competition increases the likelihood of more social assistance, it is more important to understand the incentives of political elites in the new ruling coalition to reform or not, and to understand the extent to which the interests of non-partisan actors (such as donors and technocrats) mesh with those of political elites on social issues. The Malawian case shows that where ruling elites can win office and sustain political support by implementing other forms of redistribution, such as generous farm input subsidies, there is much less incentive for state-supported social cash transfer programmes. Farm subsidy programmes were also important in sustaining support for the ruling party in Zambia during the 2000s. However, in cases where social protection has not already been seized as a brand, there may be an incentive for political elites to adopt it to enhance their electoral appeal.

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