**Key messages and recommendations**

1. **Child protection programmes are largely invisible and under-funded, with total visible budget allocation in the national budget for fiscal year (FY) 2018/19 amounting to only MK100 per child. This is insufficient to address Malawi’s high rates of child marriage, violence, abuse, exploitation and neglect.**

   **Recommendation:** Each Ministry, Department and Agency (MDA) responsible for child protection-related interventions should have clear goals, targets and identifiable budget allocations in their Program Based Budgets (PBB) to prevent and respond to violence, abuse, exploitation and neglect.

2. **In FY2018/19, total budget allocation (from domestic revenue) to Early Childhood Development (ECD) under the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) (MK669.73 million), is equivalent to only MK409 per each of the 1.6 million children accessing ECD services through centres.**

   **Recommendation:** The Government is called upon to review upwards its allocation to ECD to at least MK1.5 billion in FY2019/20, excluding grants from donors, and to focus more on improving quality, including through professional development of care-givers and enhanced quality assurance.

3. **Government contribution to the Social Cash Transfer Program (SCTP) of MK1.55 billion in FY2018/19 has stagnated in nominal terms compared to FY2017/18, while beneficiary transfer levels remain unchanged since 2016 (averaging MK 7,000 per month).**

   **Recommendation:** In FY2019/20, the Government should increase its contribution to SCTP to at least MK2.5 billion in order to meet its commitments to deliver cash transfers to 1 of the 28 districts and to adjust transfer values to inflation. The required increase can be mobilized from reallocating resources from the Farm Input Subsidy Program (FISP).

4. **Budget allocations to disability have increased in real terms, but allocations are mainly for personal emoluments (PE), with very little resources left for programs.**

   **Recommendation:** The Government should review the allocation mix of disability budgets to ensure balance between PE and other recurrent transactions (ORT) for effective program implementation.

5. **Most social sector budgets are centrally allocated and managed, despite the move towards fiscal decentralization. A few District Councils have however started budgeting for child protection and ECD in their PBBs.**

   **Recommendation:** The Government should encourage all District Councils to have budget lines on crucial social development programs such as ECD and child protection, which is in line with regional good practices.
This brief assesses the extent to which the 2018/19 national budget has prioritized social welfare, through the lens of children. Although the brief analysed all votes for Ministries, Departments or Agencies (MDAs) which fall under the Social and Community Affairs Committee of the Parliament of Malawi, it focussed on the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) (Vote 320), the Local Development Fund (LDF) and two subvented organisations (Vote 275) namely Kachere Rehabilitation Centre and Malawi Council for the Handicapped (MACOHA). Additionally, the analysis includes budget allocations to District Councils for Youth, Gender and Community Development sectors. The budget brief is organised into four themes – social protection, child protection, disability and early childhood development (ECD). Fiscal year (FY) 2012/13 is used as the base fiscal year throughout the brief, unless otherwise specified.

PART 2 SOCIAL AND CHILD WELFARE CONTEXT

Despite declining fertility rates (at 4.4 in 2015/16 from 5.7 in 2010), Malawi is experiencing a demographic explosion, which is significantly over-stretching social service delivery to children. Going by the current population growth trends, the overall population in Malawi is projected to reach 30 million by 2030, with the number of children almost doubling to 16.2 million. At 2.9% per annum, Malawi ranks among the top 40 countries with the fastest population growth rates in the world. This means that Malawi will continue to have a large proportion of children and young people in need of social services.

About three-fifths (60.1%) of children in Malawi are multi-dimensionally poor, the majority of which live in rural areas. Children in Malawi are deprived in many dimensions including education, nutrition, housing, health, water, sanitation and hygiene. To some degree as a result of social protection programs such as the Social Cash Transfer, ultra-poverty fell from 24.5% in 2010/11 to 20.1% in 2016/17, which was particularly pronounced in rural areas (from 28.1% to 23.8%). There are however poverty disparities by district (Figure 1). Although steady progress has been made to ensure that all children live in a safe and protective environment, significant work still needs to be done as high rates of violence against children persist. About 42% of females and 66% of males in Malawi reported that they experienced physical violence during childhood. At 42%, Malawi has one of the highest prevalence rates of child marriage, which is higher than the sub-Saharan Africa average of 37%. Children with disabilities (CwDs) remain especially vulnerable. The prevalence of disability among children in Malawi stands at 3% of the population compared to 5.6% for the adult population. Amongst the adult population, the highest prevalence rates in disability is in the Central Region (6.1%), followed by the Southern Region (5.5%) and lastly Northern Region (4.7%).

The Government has developed robust policies and strategic frameworks on social protection, disability, early childhood development (ECD) and child protection. These include the Second Malawi National Social Support Program (MNSSP II) (2017), National Early Childhood Development Policy (2017) and National Plan of Action for Vulnerable Children (2015-2019). A National Disability Policy was also drafted and forwarded to the Cabinet for approval. Implementation of existing policies is however being compromised by lack of adequate human, technical and financial resources. The yawning gap between the making of policies and their full implementation has been echoed by the Committee on the Rights of Child (CRC) in its Concluding Observations after the 3rd, 4th and 5th State Party Report to the Committee in 2017.

Key Takeaways

- The demographic explosion being experienced by Malawi is significantly over-stretching social service delivery to communities and its children.
- Malawi has made progress in reducing child poverty as well as national ultra-poverty, but significant work is required to eliminate poverty by 2030.
- There is a worrisome gap between child-focused policy development and implementation, primarily due to capacity and financial challenges.

Children with disabilities (CwDs) remain especially vulnerable.
Figure 1 Multi-Dimensional Child Poverty in Malawi by District

Malawi

Lilongwe
Chitipa
Karonga
Rumphi
Mzimba
Nkhotakota
Kasungu
Machinga
Mchinji
Likoma
Chizumulu
Zomba
Lilongwe City
Blantyre City
Zambiri

International boundary
District boundary

% of Multidimensionally Poor Children by District (%)

0-19.9
20-39.9
40-59.9
60 - above

Source: UNICEF Malawi, Innovations
The budget allocation to ‘Social Welfare’ related MDAs declined in financial year (FY) 2018/19, both in nominal (2%) and real terms (11%). Social welfare related MDAs allocated a total of MK69 billion in FY2018/19, down from a revised estimate of MK70 billion allocated in 2017/18 (Figure 2). The decrease is mainly because of the 92% decline in allocations to the Public Works Program (PWP) compared to the previous year. The downward trend in allocations to social welfare is a key concern at a time when the demand for social services is increasing. Social welfare programs such as the SCTP are greatly demanded due to high levels of deprivation.

The total budget allocation to social welfare in FY2018/19 is equivalent to 4.8% of the national budget and 1.3% of GDP. Budget allocations to social welfare have generally trended below 5% of the total budget since FY2014/15 (Figure 3). In FY2018/19, education received 23.7%, health 9.8% and agriculture 10.4% of the total budget. The security sector was allocated 6.2% of the total budget. Due to limited fiscal space, and to some degree some fiscal slippages, the Government has resorted to borrowing to finance its operations. Too much borrowing may potentially crowd out direly-needed spending on child welfare programs.

Social welfare related MDAs were allocated a total of MK69 billion in FY2018/19, down from a revised estimate of MK70 billion allocated in 2017/18.
Figure 4  Social Welfare Budget in Relation to Other Sectors (FY2018/19)

Source: Government Budget Estimates (FY2012/13 to 2018/19) and FY2018/19 Appropriation Bill
Over three-quarters (77%) of the sector budget in FY2018/19, which amounts to MK53.5 billion, is for developmental programs. This is mainly because of the LDF, which is wholly accounted for as development expenditure, including allocations for social protection programs. However, budget allocations to District Councils and Subvented Organizations (NYC and MACOHA) are entirely recurrent (Figure 6), the majority of which are for PE. About 75% of the MACOHA budget is for wages and salaries, leaving only 19% for ORT and 6% for development purposes.

Nearly one-third of the total social welfare sector budget is allocated to the Local Development Fund (LDF). Resources from the LDF are mainly sourced from external sources, through the World Bank. Allocations to the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) account for the second largest budget share at 23%, followed by the Ministry of Labour, Youth and Sports Development which consume 20% of the sector budget. Transfers to District Councils for social welfare-related programs have averaged 1% of total allocations to the social welfare over the last three years (Figure 5).

**Figure 5** Trends in Composition of the Social Welfare budgets by MDA

Source: Government Budget Estimates (FY2012/13 to 2018/19)
Key Takeaways

- Whilst the sectoral picture shows that the social welfare spending is largely developmental, some votes, especially on disability-focused institutions, barely have budgets for programs.

- Debt repayment charges forecast to be MK183 billion in FY2018/19 are 2.65 times the size of the social welfare sector budget. There is substantial risk that social welfare spending may be affected by increasing debt repayments costs.

Transfers to District Councils for social welfare-related programs have averaged 1% of total allocations to social welfare over the last three years.
PART 5 ANALYSIS OF ALLOCATIONS TO SPECIFIC

a) Social Protection

The total social protection budget\footnote{11} has declined in both nominal and real terms in FY2018/19, mainly because of a cut in the budget for the Public Works Program (PWP). A total of MK15.5 billion was allocated to social protection programs in FY2018/19, down from MK22 billion in the previous year. Compared to the previous year, the total social protection budget in FY2018/19 is 30% lower in nominal terms and 37% in real terms. However, the total budget for the Social Cash Transfer Program (SCTP) went up by 49% in real terms from MK8.7 billion in 2017/18 to MK14.4 billion in 2018/19. The increase is mainly because the World Bank committed to increase its share of the contribution to the SCTP.

Social protection spending (1.06% of the total budget) remains far below regional average for sub-Saharan Africa (1.2%).\footnote{12} In FY2018/19, the social protection budget took up 1.06% of the total budget and 0.29% of GDP (Figure 9). It is important to note, however, that the majority of SCTP resources are off-budget. If off-budget expenditures are included, the average spending for the period 2011-2016 would be 0.6% of GDP\footnote{13}.

The coverage of key social protection programs, especially the SCTP, is however significantly lower than other priority poverty reduction and relief programs. The SCTP is currently reaching about 10% of households in Malawi (about 50% of the ultra poor), whilst the Farm Input and Subsidy Program (FISP) is covering 37% of households\footnote{14}. At the same time average expenditures (2011-2016) on FISP and humanitarian aid stands at around 1% and 6% of GDP, respectively.

In FY2018/19, majority of on-budget social protection programs will go to the SCTP. In the past, the PWP consumed a large share of the social protection budget. As a share of the total social protection budget, allocations

\footnote{11} In this budget brief, the total social protection budget is calculated by adding allocations to the Social Cash Transfer Program (SCTP) and the Public Works Program (PWP).
to the PWP considerably fell from 61% in 2017/18 to 7% in FY2018/19 (Figure 10). The change in the composition of the social protection budget in favor of SCTP reflects the growing donor appreciation of the effectiveness of cash transfers, at a time when the effectiveness of PWP is being questioned. The PWP has been largely funded by the World Bank.

The Government’s contribution to the SCTP has barely changed in nominal and real terms. In FY2018/19, direct funding for cash transfers through the MoGCDSW (MK1.55 billion) is a marginal increase from the revised MK1.35 billion allocated in FY2017/18. It is also expected that the Government will contribute an additional MK731 million for salaries and utilities for social protection programs, effectively bringing the total Government contribution to MK2.28 billion. The combined allocation in FY2018/19 is not enough to support cash transfers as well as coordination meetings, capacity building, knowledge management, monitoring and evaluation. UNICEF estimates that a minimum of MK2.5 billion, is required to cover cash transfers as well as general coordination and monitoring in Thyolo alone.

15 Ibid
16 During FY2017/18, the government cut back the approved SCTP budget by 9% from MK1.48 billion to MK1.35 billion at mid-year.
17 The Government is responsible for covering full costs of cash transfers to all eligible households (18000) in only one district (Thyolo).
The SCTP has shown strong positive effects in Malawi, and has contributed to the significant reduction in the national ultra-poverty levels over the 2010/11 to 2016/17-time period. Recent evaluations by UNICEF have shown that cash transfers have contributed to increased food security, household consumption, school enrolment and ownership of both agricultural and non-agricultural assets. Concerns have, however, been raised by stakeholders about the size of the transfer amount, which is not responding to changes in the cost of living. On average, households receive MK7,000 per month (or about US$10). The average transfer amount in Malawi half of what many other African countries are providing (about US$20).  

The SCTP has been scaled up to cover all 28 rural districts. The total number of household members covered has increased from 40,000 in 2006/7 to 1.14 million as of June 2018, 52% (594,379) of which are children.

The financing modalities of social protection programs in Malawi remain highly fragmented. Currently, funding channels for the SCTP vary by funding source. Whilst one donor is channelling its contribution through the Reserve Bank of Malawi (RBM), the World Bank is using the Local Development Fund (LDF), whilst other donors are using separate mechanisms. The Government’s contribution is being channelled through the MoGCDSW. Fragmentation of funding mechanisms is a concern that has been raised by several stakeholders. The frequency of distribution of cash transfers also varies depending on source of funds.

Key Takeaways

- The SCTP, which is the nation’s flagship social protection program, is largely donor funded, with Government contribution stagnating in the current year.
- The decline in the social protection budget has mainly been driven by the cut in the allocation to PWP.
- The reduction of the PWP budget shows risks of dependency on external funding for key national programs and raises questions on the efficiency and effectiveness of public spending on some social welfare programs.

Figure 11 Trends in Coverage and Reach of SCTP

Source: UNICEF
b) Child Protection (CP)

In FY2018/19, a total budget of MK993 million was identifiable\(^\text{20}\) as child protection (CP) specific, up from MK820 million in 2017/18 (Figure 12). This represents a nominal increase of 21% and 9% in real terms. The visible child protection share of the total budget is equivalent to 0.07% of the total Government budget and about 0.02% of GDP (Figure 13). In per capita terms, the total visible allocation to child protection translates to approximately MK100 (US$0.14) per child per year.

Visible child protection budget lines are predominately recurrent, with a very small fraction allocated to vitally-needed capital spending on child protection services. In FY2018/19, around 90% of all visible child protection budgets were allocated to recurrent costs. The impact of this is that crucial and long-term investments to support children at risk such as the establishment of safe houses as prescribed in the Child Care, Justice and Protection Act (CCJPA) of 2010 and reformatory centers have been neglected. A composition analysis of the Child Protection and Development (Programme 99, under MoGCDSW) shows that nearly two-thirds of the resources are for travel and office supplies (Figure 14). This means that there are very few resources available for services and activities that have a direct impact on children at risk of – or harmed by – violence, including child protection case management, Children’s Corners and specialized aftercare and support.

\(^{20}\) Due to lack of data such as utilization rates of services, it was difficult to apportion indirect budget lines which relate to child protection. Thus, the study relied on only visible child protection budget lines.

In FY2018/19, around 90% of all visible child protection budgets were allocated to recurrent costs.
Child protection budgets are largely centralized, despite the drive towards fiscal decentralization in other social welfare sub-sectors. There are however a few District Councils such as Nsanje and Ntcheu which have introduced budget lines on ‘Child Development and Protection’ as part of program based budgeting. Ntcheu District for example allocated MK900,000 to primary child protection services in FY2018/19, with Nsanje allocating MK1.34 million.

Budget execution challenges have been observed in the implementation of some child protection budgets. Challenges observed include delayed disbursements of funds to MDAs due to cash flow problems, protracted procurement and budget cuts. For over four years now, capital budget for the MoGCDSW has been very little and for the same projects (Chilwa Reformatory Centre and Mpemba Girls Hostels), ranging between MK50 million and MK150 million. These projects need to be completed so that the Government can start other critical development projects.

Key Takeaways

- Visible child protection spending is trending upwards, but allocations remain low and favour recurrent response rather than prevention services. A very small fraction is being allocated to vitally-needed capital spending on child protection services.
- Introduction of program based budgeting at District level is a wonderful opportunity to increase the visibility of child protection in local budgets.
- Strengthening the national child protection system will require the Government to establish and invest in a multi-sectoral coordination mechanism for policy guidance, decision making and tracking of resource allocation with respect to the various components of the Malawi child protection system.

Budget allocations to Child Justice Courts have grown over time, although insufficient.
c) Early Childhood Development (ECD)

ECD is a key priority of the Government of Malawi, guided by the National Early Childhood Development Policy (2017). Through the third Malawi Growth and Development Strategy (MGDS III), the Government has made a commitment to improve access to and quality of ECD services. The Government is aiming to ensure that all eligible children have access to quality ECD services by 2030. ECD encompasses a wide range of services such as early stimulation, nutrition and early learning.

The proportion of all eligible children enrolled for ECD significantly increased by thirteen percentage points from 34% in 2010 to 47% in 2017. By December 2017, a total of 1,636,777 children were reached with ECD services, up from 1 million in 2012.22 With this, Malawi is ahead of many African countries in terms of access to ECD. By October 2017, Malawi had 11,600 ECD centers, including Community Based Child Care (CBCC) centers. Service at ECD centers is provided by volunteer caregivers (35,420 in total - as of October 2017).

Whilst access to ECD services has increased, there are significant challenges regarding quality of services. Quality of ECD services is being compromised by several factors including type of infrastructure, unavailability of trained caregivers and insufficient supply of stimulation, learning and nutrition interventions. Reports from the MoGCDSW show that majority of ECD centers are built with less durable materials without meeting national housing standards, resulting in many of them being rendered not fit for use whenever there is heavy rain, floods and strong winds. The MoGCDSW estimates that only 23% (257 centers) have been purposely built. As shown in Figure 16, there are also significant disparities in the number of purposefully built structures across districts, from as low as 7 in Mulanje to 216 in Nkhatabay. In 2014/15, 439 ECD/CBCC centers were severely damaged by floods.23

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In FY2018/19, the Government committed MK669.73 million to ECD through the MoGCDSW, which is equivalent to MK409 per each of the 1.6 million children accessing ECD through centres. While this allocation is 9% higher in nominal terms compared to the FY2017/18 budget, it represents a 2% decline, if inflation is taken into consideration. As a share of the total budget and of GDP, the government allocation to ECD stands at 0.05% and 0.01%, respectively (Figure 18). The low per-capita allocation means that there will be significantly less resources to further improve access and quality of ECD services in Malawi.

The World Bank has also committed MK2.85 billion to ECD in the current fiscal year through the MoGCDSW. This commitment was made under a new project on ‘Investing in Early Years for Growth and Productivity in Malawi’ mainly for general systems strengthening, coordination and monitoring of service delivery. The project will, however, focus mainly on ten districts. If added to the Government contribution of MK669.73 million, the total ECD budget in FY2018/19 amounts to MK3.5 billion, which is equivalent to 0.25% of the total budget and 0.07% of GDP. Due to lack of disaggregation, it is difficult to know how these resources will be distributed per district.

The total ECD allocation does not include funding from other stakeholders, such as NGOs, or from sub-national funds, such as the LDF. Over the past 3 years, construction of ECD classrooms has also been enabled by funding from the LDF, District Development Fund (DDF) and the Constituency Development Fund (CDF). In FY2015/16, the Government spent MK128 million on construction of ECD centers using funds from the MoGCDSW, LDF and the CDF.

The share of the ECD budget earmarked for acquisition of fixed assets has increased from 21% (MK128 million) to 24% (MK160 million) in FY2018/19. However, much of the FY2018/19 ECD budget (43.5%) will go to travel expenses, which is a significant increase from 31.4% in 2017/18 (Figure 19). Compared to the previous year, the travel budget increased by 51% in nominal terms. Although travel is important to provide effective quality assurance, there is need to balance allocations between various cost centers under sub-program 2 (ECD) within the MoGCDSW. It is also concerning that the budget for education supplies decreased by 98% in real terms from MK163 million in 2017/18 to only MK3 million in FY2018/19.

Local Authorities and communities play a key role in the provision of ECD services, but majority of District Councils do not have specific budget lines on ECD. In recent years, the Government has accelerated the decentralization drive, with health and education being the most advanced. Following the introduction of program based budgeting (PBB), a few District Councils have started budgeting for ECD. Examples of District Councils which allocated resources for ECD in FY 2018/19 include Chikwawa (MK340,000), Phalombe (MK340,000), Ntchisi (MK3.8 million), and Nsanje (MK2.2 million). In some Districts, Nsanje for example, the allocations to ECD (MK2.2 million) in FY2018/19 was lower than the previous year (MK5 million).

The Government committed MK669.73 million to ECD through the MoGCDSW, which is equivalent to MK409 per each of the 1.6 million children accessing ECD through centres.
Key Takeaways

Total Government allocation to ECD is insufficient to meet growing demands and to ensure that expected quality standards and outcomes are progressively achieved.

Inefficient allocation mix, skewed in favour of a few cost centres especially travel and office supplies, at the expense of other critical issues such as early stimulation and learning, if not addressed, is likely to result in ineffective ECD spending.

The role of Local Authorities’ vis-à-vis policy formulation, financing, quality standards and monitoring of ECD service delivery is critical. All local authorities should therefore be encouraged to include a budget line on ECD.

Figure 19 Composition of ECD Budget Under MoGCDSW

<table>
<thead>
<tr>
<th></th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>2%</td>
<td>42%</td>
<td>54%</td>
</tr>
<tr>
<td>Office supplies</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Education supplies</td>
<td>5%</td>
<td>9%</td>
<td>24%</td>
</tr>
<tr>
<td>Motor vehicle expenses</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>27%</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>Other costs</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Government Budget Estimates (FY2016/17 to 2018/19)
d) Disability

Budget allocations to disability-focused institutions\(^{24}\) have increased in real terms compared to the previous year. A total of MK1.36 billion was allocated to disability-focused institutions in FY2018/19, up from MK1.15 billion in FY2017/18 (Figure 20). In real terms, budget allocations to disability went up by 7%. As a share of the total budget and GDP, allocations to disability have generally averaged 0.1% and 0.03% respectively since FY2016/17 (Figure 21).

Most of the resources allocated to disability are for recurrent costs, the majority of which goes for PE. Of the MK678 million allocated to rehabilitative services (Program 1) under MACOHA, 70% (MK469 million) are for PE. Including Program 20 (Management and Administration), the budget share of PE goes up to 75%, leaving only 19% for ORT and 6% for development purposes (Figure 23). All the resources for Kachere and Disability Headquarters are for other recurrent transactions. This means very minimal resources are left to purchase the much-needed equipment by children and other people with disabilities (PWDs). Disability-friendly infrastructural needs in the country remain significant. For example, there has been little progress on the expansion of MACOHA Lilongwe Vocational Training Centre because no capital budget has not been allocated since FY2017/18.

MACOHA and Kachere consume nearly four-fifths (MK1.05 billion) of the budget allocations to disability while the remaining fifth (MK0.31 billion) is under the MoGCDSW. At 61% of total disability budget, MACOHA continue to receive a lion’s share of the disability budget since FY2016/17. Of the MK313 million allocated to MoGDSW for disability programs, MK50 million is for disability mainstreaming, which is 1.6% nominally lower than MK51 million allocated in the previous financial year. Government allocations to MACOHA and Kachere increased by the same margin of 22% while allocations to disability under the MoGCDSW only increased by 8%. Kachere expects to generate MK360 million from its own operations. This will bring the total budget for Kachere to MK580 million, all of which is for recurrent programs.

The disability sector continues to face several programmatic challenges. These include very little resources for specialised goods and services, including assistive devices, since the majority of resources are used for PE. This has significantly affected learning by children with disabilities. Furthermore, work on disability mainstreaming is very minimal in various sectors, both at the national and sub-national levels. The MoGCDSW acknowledges that there is non-prioritisation of disability issues in most national programmes. There is also a huge gap between the Disability Act and its implementation.

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\(^{24}\) The budget brief focuses on allocations to three disability-focused cost centres for which funds are allocated by the National Treasury. These are the Disability Headquarters under the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) and two subvented organisations: Kachere Rehabilitation Centre and Malawi Council for the Handicapped (MACOHA).
**Figure 22** Composition of Disability Budgets by Agency

Source: Government Budget Estimates (FY2016/17 to 2018/19)

**Figure 23** Composition of MACOHA Budgets

Source: Government Budget Estimates (FY2016/17 to 2018/19)

### Key Takeaways

- Budget allocations to disability-focused institutions are mainly for PE, which leaves very little for programs.

- There is minimal evidence of disability mainstreaming by various MDAs, which may ultimately affect delivery of essential services to people living with disabilities. At the same time, the budget allocation for disability mainstreaming (Program 71.03) under the MoGCDSW has declined from the previous year.

At 61% of total disability budget, MACOHA continue to receive a lion’s share of the disability budget since FY2016/17.
Despite the fiscal decentralisation drive, ECD, child protection, disability mainstreaming and social protection budgets are largely centralized. A total of MK606 million was allocated to three sub-sectors under Gender (MK221 million), Youth (MK165 million) and Community Development (MK220 million) through the National Local Government Finance Committee (NLGFC) in FY2018/19. The amount of social welfare resources transferred to Local Authorities in FY2018/19 is 10.4% nominally higher than the 2017/18 allocation of MK549 million, although it is 0.55% lower if inflation is considered. The transfers to the three sub-sectors account for 0.04% of the total budget and have averaged 0.05% since FY2016/17. Each District Council receives an average allocation of MK4 million per year for youth development affairs and about MK7 million for gender affairs.

Social welfare structures at the local level remain largely under-resourced. At sub-national level, the Government has put in place child protection committees, coordinated by District Social Welfare Officers. Often, these officers operate without a budget. District Social Welfare Officers are supported by child protection workers at Traditional Authority level, most of whom work on a voluntary basis. For example, out of a total of 800 Child Protection Workers, only 300 are on government payroll. The Government is therefore encouraged to progressively increase resource to sub-national social welfare structures to ensure they are fully responsive to social welfare and children’s issues. This may require Government to scale up professional training and deployment of social workers at all levels of Government.

Key Takeaways

- The Social Welfare function is among the least decentralised in terms of resources allocated to District Councils.
- Specific social welfare budget lines are key if District Councils are to effectively respond to local challenges, including violence against children, deprivations and other vulnerabilities.
PART 7  FINANCING OF SOCIAL WELFARE PROGRAM

Social welfare programs are largely donor funded, with a majority resources being channelled off-budget. Social protection stands out as the largest donor-dependant sub-sector. Table 1 shows that in FY2018/19, 93% of the SCTP funding is donor sourced with the GoM only contributing 7%. Only the World Bank contribution of MK12.7 billion is included in budget books. On-budget support to the Government, including to child protection, has decreased since 2014, following the public finance management scandal that came to light in 2013. Recent reports however show that there is significant progress by the Government to improve public finance management. Over-reliance on donor support for social welfare is not sustainable in the long term given the unpredictability of such funding. Already, the PWP has suffered a major cut, threatening its sustainability.

Table 1  SCTP Funding for FY2018/19 by Source

<table>
<thead>
<tr>
<th>Donor</th>
<th>Amount (current, MK billions)</th>
<th>Share of the SCTP Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>German Government</td>
<td>5.73</td>
<td>18%</td>
</tr>
<tr>
<td>European Union</td>
<td>9.07</td>
<td>28%</td>
</tr>
<tr>
<td>Irish Aid</td>
<td>2.30</td>
<td>7%</td>
</tr>
<tr>
<td>World Bank</td>
<td>12.70</td>
<td>40%</td>
</tr>
<tr>
<td>Government of Malawi</td>
<td>2.28</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32.08</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Fiscal space to fund social protection can be created by a reallocation of resources from less effective poverty reduction programs, such as the Farm Input Subsidy Program (FISP). While the FISP has helped in providing subsidized inputs to farmers, there are questions about the value for money. For example, the effectiveness of the FISP has been compromised by inefficient procurement, poor beneficiary targeting, inefficient fertilizer retailing, uncertainty as to the availability of funds for paying the service providers and failure to develop a graduation plan for the program beneficiaries.25 In FY2018/19, the FISP was allocated MK33.15 billion, which is 2.3% of the total budget and 2 times the total social protection budget. The GoM is encouraged to consider reallocating some resources away from FISP to more effective social welfare programs specifically the SCTP. The Government is also encouraged to revisit its national financing strategy for social welfare programs. Given fiscal space constrains, greater focus should be on improving the quality of social welfare spending.

Key Takeaways

- Donor dependency can potentially affect sustainability of social protection programs.
- Considering that much of social welfare resources from donors are off-budget, there is need to enhance coordination and harmonization of financing mechanisms, for programs such as the SCTP.
- There is potential to create some fiscal space for more effective social protection programs like the SCTP, through for instance, reallocating some resources away from the FISP.

Glossary of Terms

<table>
<thead>
<tr>
<th>Approved Budget Estimates</th>
<th>The budget as approved by Parliament</th>
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</thead>
<tbody>
<tr>
<td>Development (Part I)</td>
<td>Share of the budget for long term public investments contributed by donors.</td>
</tr>
<tr>
<td>Development (Part II)</td>
<td>Share of the budget for long term public investments from domestic resources.</td>
</tr>
<tr>
<td>Economic Classifications</td>
<td>Budget classification based on economic inputs.</td>
</tr>
<tr>
<td>Gross Domestic Product</td>
<td>Total value of goods and services produced by a country in a given year.</td>
</tr>
<tr>
<td>Nominal change</td>
<td>Changes in budget allocations which do not factor in inflation.</td>
</tr>
<tr>
<td>Other Recurrent Transactions (ORT)</td>
<td>Budget for day to day items such as office supplies, fuel, utilities, routine maintenance and other operations.</td>
</tr>
<tr>
<td>Personnel Emoluments (PE)</td>
<td>Salaries, wages, allowances and other staff entitlements.</td>
</tr>
<tr>
<td>Real change</td>
<td>Changes in budget after adjusting for inflation</td>
</tr>
</tbody>
</table>

25 See Solomon Asfaw and Alessandro Carraro (2016). “Welfare Effect of Farm Input Subsidy Program in the Context of Climate Change: Evidence from Malawi” paper presented at...
ACKNOWLEDGEMENTS

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For more information, contact:
Beatrice Targa
Chief of Social Policy
btarga@unicef.org