International Labour Organization

Extracts from the Full Report: Assessment of Social Protection Programmes and Costing of Policy Options

Programme Specific Report: Public Works Programmes

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1 Objectives, policy and legal framework

PWP are often considered particularly "appropriate for addressing transient poverty by employing workers whose employment or livelihoods are disrupted by a seasonal, climatic or economic shock or cyclical downturn" (ibid.). They can be designed to be 'productive' by creating "valuable assets that further reduce poverty or otherwise contribute to programme cost-effectiveness" (ibid).

This report will discuss Labour Intensive Public Works (LIPWP) programmes, which are defined as "programmes that involve the regular payment of money (or in some cases, in-kind benefits) by government or non-governmental organisations to individuals in exchange for work, with the objective of decreasing chronic or shock-induced poverty, providing social protection, addressing social risk or reducing economic vulnerability". There are four main PWP in Malawi and while their implementation differs in detail they share common approaches in terms of targeting and objectives. PWP aim at transferring income to the non-labour constraint poor by providing limited employment opportunities, often in remote areas where there are few jobs.

In many cases, public works programme operate on a seasonal basis as a safety net during non-farming season, where there are few income generating activities available for the large majority of Malawians working in small-scale agriculture. PWP tend to focus on construction activities that are considered to support economic growth, regional development and increase resilience of local communities through for instance forestry and irrigation programmes. Many regions in Malawi are difficult to access due to lack of infrastructure and often the poorest districts, such as Chitipa and Nsanje, are the most remote. PWP therefore work to improve the access of remote communities to regional centres in order to facilitate trade and regional development.

Malawian PWP are implemented by the EU, the World Bank and the WFP in cooperation with the Ministry of Local Government and Rural Development (MoLGRD).

The World Bank operates two PWP in Malawi. The Irrigation, Rural Livelihoods and Development Project's (IRLADP) objective is to increase community assets though demand-driven public works and focuses on irrigation systems, an important protection against vulnerability in the rain-fed agriculture sector. The second World Bank PWP operated by the Local Development Fund (LDF) and the Malawi Social Action Fund (MASAF). The project supports the creation of community assets as well as aims at mitigating deforestation by planting trees.

The EU's Rural Infrastructure Development Programme (RIDP) focusses on the construction of roads and bridges as well as strengthening environmental resilience through forestry and irrigation activities. The RIDP will come to an end in mid-2015 and will be replace by a successor project, the Rural Road Rehabilitation Project, which will work towards increasing market access and will be implemented together with the EU and the World Bank.

The fourth PWP programme is implemented by the WFP (Food-for-Assets) and provides food as well as inputs as an incentive to work on community assets with the goal of improving the capacity of food-insecure households to increase their own food production.

The RIDP pays workers a daily wage of MK 551 for a six hour workday and the LDF PWP pays MK 490 for a four hour workday. The Food-for-Assets programme is designed for local communities to volunteers some of their labour and with inputs and food provided by the WFP. The IRLADP programme pay its workers in inputs such as fertilizer and seeds.

2 Eligibility criteria, beneficiaries and coverage

In order to minimize inclusion errors PWP often use self-targeting mechanisms. Wages are set to be equal or below minimum wages to ensure that projects only attract labourers with few other income generating opportunities. In addition, some PWP employ a PMT to verify the poverty status of applicants.

The number of direct and indirect beneficiaries of all programme range from 13,750, (WFP) to 521,000 (LDF) and 677,502 (IRLADP). In total around 1.2 million Malawians work in one of the PWP. District coverage varies. The LDF and IRLADP programmes are both implemented nationwide and the RIDP reaches a total of 17 districts. As the map below indicates, in all districts at least two PWP are currently being implemented by the World Bank.

The majority of districts, however, benefit from the implementation of at least three programmes by the World Bank and the EU or the WFP. The multiplication of PWP is the strongest in the Zomba district, which receives assistance from all four PWPr PWP.The LDF PWP is currently undergoing a change of policy, which will reduce the number of beneficiaries from the current 521,000 to around 136,000. From July 2015 onwards the PWP will no longer provide a few weeks of work to a very large number of individuals but will instead focusses on a smaller group, which will be enrolled for 2/3 years and will benefit from more extensive capacity building measures

Figure 1: Public works programmes in Malawi

Table 1: Public works programmes in Malawi

Public works programmes in Malawi				
	RIDP	**LDF**	**IRLADP**	**FFA**
Implementer	EU	World Bank	World Bank	WFP
Time-frame	2011-15	2014-17	2006-15	2014-17
Funding	$ 45.6 mil.	$ 115.2 mil	$ 107 mil.	$ 3.96 mil.
Districts	17	28	28	2 (soon 4)
Targeting	Self-targeting	Geographic, self- and community targeting	Self-targeting	Self-targeting
Beneficiaries	26,201 households	521,000 individuals	677,502 households	85,000 individuals, 15,500 households
Benefit	MWK 551 per day, 6 hours per day	490 MK per day, 4 hours per day, 48 days per year	Paid in inputs (fertilizer, etc.)	Inputs provided to build community assets
Source: Implementers				

3 Financing and expenditure

The country's PWP are next to the FISP the most expensive Social Protection programmes implemented in Malawi, which is a result of both the large number of beneficiaries and the complexities involved in implementing such programmes. Comparative research has shown that PWP are often "expensive and difficult to administer, taxing government capacity" (Samson et al, 2011). The LDF PWP for instance employs a wage to other-costs ratio of 60:40 at a wage of MK

485 per day. The 40 percent representing non-wage costs can be further broken down to 30 percent for works/tools and 10 percent for administration (Local Development Fund, 2015)

Table 2: Financing and expenditure of Malawian public works programmes

Financing and expenditure of the Malawian school feeding programme				
Contributor	**Programme**	**Time-frame**	**Budget**	**Expenditure 2014**
EU	RIDP	2011-15	$ 45.6 mil.	$ 11,838,163
World Bank	IRLADP	2006-14	$ 115.2 mil	$ 7,390,089
World Bank	LDF	2014-18	$ 107 mil.	
WFP	FFA	2014-17	$ 3.96 mil.	
Source: Implementers				

4 Programme Impact

Despite the pervasiveness of PWP in low-income countries as well as the extensive theoretical literature on them, there is very little "evidence from rigorous empirical studies on their impact" (Beegley et al., 2014). Impact assessment have been complicated by "unobserved heterogeneity at the village level due to the geographical targeting and at the individual level due to the self-targeting feature" (ibid.). However, in 2012/13 an impact evaluation of the LDF PWP was conducted on the basis of randomly selected communities and households. The evaluation examined impact across the following dimensions: labour allocation, food security, agricultural inputs, and participation in other programs (ibid.).

Contrary to other settings where PWP sometimes displace casual labour, the impact evaluation does not find "evidence of displacement of casual labour as a result of public works offer" (ibid.). The lack of displacement effect of the PWP "during the planting season, at a time when hours in farming peak during the year, suggests that our setting exhibits significant slack in labour markets" (ibid.).

The evaluation finds no evidence that involvement in the PWP affects participation in other social protection programmes (ibid.). As a result of the programme's interlinkage with the FISP participants were found to be more likely to receive fertilizer coupons and "hence pay less for the fertilizer they use, but we do not find evidence that they apply more fertilizer" (ibid.). As improved food security is thought to be achieved "mainly through increased access to farm inputs at the time of the planting period" (ibid.), the finding that participants are more likely to use fertilizer but tend not to use more fertilizer may explain the programme's apparent failure to improve their food security.

In fact, the evaluation concludes that the "that the program does not result in improved food security for treated households during the lean season" (ibid.). Programme participation does not "have a measurable short-term effect on lean season food security for treated households". The authors speculate that households may spread the new income over a large number of different expenses, making it difficult to observe increases in any individual category (ibid.).

Equally concerning, the authors observed "negative spillover effects on food security among non-treated households" within treated communities (ibid.). Food security for untreated households in participating villages is not only lower than for treated households but also lower than food security in control villages (ibid.). This runs counter to what has been observed in other evaluations of Social Protection schemes, which have "generated positive effects on treated households and positive externalities to non-beneficiary households" (ibid.). These effects often operate through risk sharing and "ineligible households being able to consume more through an increase in transfers and loans from family and friends in the community" (ibid.). The evaluation has been unable to explain this surprisingly negative effect and further research into this worrying outcome is clearly needed.

5 Conclusion: Key challenges of the Social Protection Sector in Malawi

Implementation challenges of PWP often emerge where programme design fails to adequately account for characteristics of the local economy. McCord (2005) finds the provision of PWP in the "Malawian context of chronic poverty and seasonal under-employment" (Devereux & Macauslan, 2006) to be a "serious mismatch between problem and policy response" (McCord, 2005). In particular, setting public works wage below the minimum wage or *ganyu* daily rate to encourage self-targeting is "unlikely to have a positive impact on poverty (McCord, 2004). Low wages in combination with the significant opportunity cost of PWP employment reduces the "net value of income earned on public works programmes" (Devereux & Macauslan, 2006). Studies have estimated that due to "the time commitment and heavy manual labour involved" participation in PWP has a direct cost of 1,000 calories per day (Maxwell, 1993). In the past there have been cases were workers left the LDF PWP due to low wages paid (Devereux & Macauslan, 2006).

Finding the right level of payment is a problematic issue in the design of PWP. The difficulty is that "low payment levels are stigmatising and have limited impact on poverty and food insecurity, higher wages or rations reduce targeting accuracy by attracting the non-poor" (Subbarao et al. 1996). A recent evaluation (Devereux & Macauslan, 2006) of the LDF PWP has found no significant impact on food security, which may be due to the limited number of working days (48 days, split in two cycles of 24 days) and low wage rate. Increasing the wage rate, however, may further reduce the programme's targeting errors. In 2007, the GoM found that there are "substantial targeting errors, with one third of the beneficiaries originating from non-poor households" (Beegle et al, 2012).

Different Social Protection interventions are mainly distinguished by their method of benefit delivery, each with different costs associated. Comparing relative cost-effectives of alternative Social Protection interventions in Malawi, Smith (2001) "calculated a unit cost of 13.9 Kwacha to transfer 1 Kwacha to the poorest through MASAF [LDF] public works projects – significantly more than the 1.73 Kwacha required to transfer 1 Kwacha in the form of cash transfers" (Smith, 2001). Over the period of 1996-2001 only 48% of the LDF PWP's expenses have gone towards workers' wages (Bloom et al., 2005). PWP typically spend a relatively low proportion (30-60%) of their budged on wages, "with the rest being consumed in material and management costs" (Subbarao et al., 1997).

The South African Labour and Development Research Unit likewise emphasises the high cost of transferring income through public works (40-70 per cent) relative to cash grants (10-40 per cent), arguing that PWP may be "highly inefficient unless the assets created have a high socioeconomic value" (Devereux & Macauslan, 2006). The relatively low cost-effectiveness of PWP poses a challenge to a Social Protection system that relies heavily on such programmes and aims at high levels of coverage.

Additional challenges for the LDF PWP arose from delayed counterpart funding, lack of resources for social infrastructure and community demand driven interventions, questions around the applicability of repeat targeting of current beneficiaries as well as difficulties of communities to contribute sufficient amounts of quality building materials (Ministry of Finance, 2013).

6 Recommendations

- Government capacity to oversee, monitor and coordinate social protection is currently limited. Efforts should be undertaken to support Government's capacity and ownership over social protection in Malawi. This should include an analysis of fiscal space and financing modalities to increase Government's contribution to social protection expenditure.

- Malawi's social protection system currently lacks integrated MIS and M&E systems. Developing such systems would be an important step towards improving the coordination and harmonization of the country's social protection system.

- Currently there is little exploitation of linkages between programmes and between programmes and complementary services, such as agriculture, health, and education. It would be important to develop a detailed strategy on linkages to ensure that vulnerable Malawians who are enrolled in programmes also benefit from other important services or received additional support. Linkages to other programmes can provide important support for households to graduate out of poverty.

- Currently the county's social protection programme (MNSSP) is not well aligned with the broader system of social protection, namely the MVAC humanitarian response. It is recommended that stakeholders identify ways to improve the harmonization of the 'regular' social protection interventions with the MVAC to improve impacts and exploit synergies.

- Complex targeting criteria, the prevalence of community targeting, widespread and deep poverty with a very flat income distribution, and strict cut-off points all contribute to inefficient poverty targeting outcomes, as observed in a number of evaluations. It is recommended to re-visit the targeting approaches of MNSSP programmes, as well as the FISP. In the long-term, Malawi may consider more categorical transfers that could be better suited to the country's widespread and mostly uniform poverty.

- The current transfer share of the SCT relative to pre-transfer incomes is 23 percent, which is slightly above the crucial threshold of 20 percent that transfers need to be effective. For all programmes there is a strong need to remain attentive to the real value of the transfers over time in order to safeguard programmes' effectiveness.

- In terms of beneficiary numbers and expenditure, Public Works Programmes are the largest NSSP Social Protection programmes in Malawi. While such programmes are appropriate to support the poor with labour capacity over short periods during, for instance, the lean season, they have shown to have little impact on the food security and chronic poverty. Low wages, which are a result of the self-selection targeting mechanisms, together with a limited number of working days lead to small and infrequent transfers. Implementers may consider looking into ways to adjust current programmes and increase the number of working days, thus allowing beneficiary to have predictable incomes and to build some resources.

- Currently there is little exploitation of linkages between programmes and between programmes and complementary services, such as health services and education. It would be important to develop a detailed strategy on linkages to ensure that vulnerable Malawians who are enrolled in programmes also benefit from other important services or received additional support. Amongst programmes there are a number of positive linkages, such as connecting beneficiaries of the Social Cash Transfer and Public Works Programmes to Village Savings and Loans association, where they can safe their transfers and slowly start making productive investments.

7 References

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