

Cash Preparedness Case Study

Malawi Red Cross Society (MWRCS)

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INTERNATIONAL



FEDERATION



ICRC

Background

This case study is one of six, documenting evidence on the impact of and lessons from cash preparedness support programmes by the International Red Cross and Red Crescent Movement (the Movement) between 2015 and 2017. The case studies feed into a comprehensive [evaluation report](#) of the guidance for cash preparedness. Refer to the report for background information including definitions of the four parallel cash preparedness tracks referred to in this case study.

Contextual overview



Malawi has experienced an increase in flooding and drought affecting 6.6 million people in 2016¹. The weather is a key part of the economic cycle, compounded by population growth and environmental degradation. Malawi faced double-digit inflation in recent years, and infrastructure development and adoption of technology are still lower than the regional average. Mobile penetration is increasing, and now an estimated 10 per cent of the population accesses the internet, up from 0.13 per cent in 2000. The Government of Malawi's Social Cash Transfer Programme (SCTP) scheme is an unconditional, unrestricted transfer targeted to ultra-poor and labour-constrained households. It has been steadily expanding since 2005, and plans are underway to digitize delivery of the transfers.

The Malawi Red Cross Society (MWRCS) has 140 staff and is present in 16 of the 28 districts. Both the national headquarters and branch offices have disaster management staff. MWRCS participates in the inter-agency cluster system in the sectors of WASH, logistics, health, emergency shelter and camp management, food and nutrition and protection. MWRCS also co-leads the shelter and camp management cluster. MWRCS is the major stakeholder in the provision of relief during emergencies and largely uses in-kind distribution as a response modality. However, due to the preferences of communities and the changes in dynamics of relief work, MWRCS began using cash as a transfer modality in 2010 in response to an earthquake in Karonga, northern Malawi. MWRCS has implemented several projects using cash since then.²

1 https://www.gfdrr.org/sites/default/files/publication/National%20DRF_Malawi_WEB.pdf

2 As of December 2017 the MWRCS had implemented 5 cash projects with a range of Movement and non-Movement partners in response to floods and drought

Table 1. Timeline of MWRCS cash implementation

| Year/Disaster | Number of Households | Mechanism |
|--|----------------------|--------------------------|
| 2010 Karonga earthquake | 100 | Cash in envelopes |
| 2015 Nsanje, Phalombe and Mwanza floods and dry spells | 2,000 | |
| 2016 Salima and Chikwawa floods | 2,268 | Cash in envelopes |
| 2017 Karonga floods | 1,500 | |
| 2017 drought | 15,789 | Airtel and WFP e-voucher |
| 2017 Salima floods | 385 | Airtel |
| 2017 Salima and Lilognwe floods | 334 | TNM Mobile |
| 2018 floods | 247 | G4S disbursed funds |



Overview of MWRCS CTP preparedness activities and approach

Formal cash preparedness support in MWRCS began in 2015 when a disaster management (DM) officer attended an IFRC-sponsored CTP training. MWRCS staff also began using online trainings offered by the livelihoods centre. Since that time, MWRCS has had the support of three Danish Red Cross (DRC) CTP delegates tasked with³:

- providing technical guidance material
- providing CTP-specific training and developing trainers (TOT)
- gathering lessons learned during CTP implementation
- developing and disseminating CTP guidance
- supporting the design of forecast-based financing at the branch level

MWRCS cash preparedness activities include:

Enabling Systems

- including CTP in contingency plans,
- adapting financial systems to include cash transfers,
- identifying and testing financial service providers (FSP),
- signing first pre-agreement with an FSP.

Programme Tools

- developing and disseminating standard operating procedures (SOP) providing more rigour on CTP implementation,
- identifying roll-out opportunities for integrating more cash feasibility assessments and analysis into the assessment and response design processes,
- adapting guidance and global tools to the Malawi context.

Resources and capacity

- training of 162 MRSC volunteers, 28 staff, resulting in peer-to-peer support capacity for roll-out and scale up of CTP,
- ensuring regular continued learning through refresher courses and after-action reviews.

Communication and coordination

- attending cash working group coordination meetings, although workload prevents full participation,
- organizing a forecast-based financing (FBF) workshop for national stakeholders with support from the Danish Red Cross.

³ DRC Cash Delegate Handover notes

*Figure 2. Cash preparedness support timeline by year***2015**

- MWRCS attended formation of national cash working group
- Disaster management officer attended CaLP CTP training in South Africa
- IFRC delegate from Kenya deployed to Malawi
- Training-of-trainers (TOT) workshop in Zomba for branch staff/volunteers

2016

- Disaster manager participated in DRC-hosted PECT training
- Danish Red Cross CTP delegate delivered CTP TOT
- CTP incorporated into contingency plan
- CTP SOPs developed and approved
- Cash market assessment in Chikwawa

2017

- CTP volunteer training rolled out
- ECHO II beneficiary preference survey completed
- Danish Red Cross delegate supported FBF setup



Effectiveness of cash preparedness approaches

Cash preparedness support in MRCS came at a time when 3 branches implemented CTP in response to disasters and therefore were learning by doing, which fed back into the cash preparedness cycle. The cash preparedness support strongly influenced the lessons-learning process.

The effectiveness of cash preparedness support has been measured through changes in speed, regularity, scale and quality of CTP delivery. The table below summarizes the significant increase in MWRCS CTP delivery since cash preparedness support began.

Table 2. Overview of cash activities before and since the CP specific support

| | Until 2014 | 2017-2018 |
|--|--------------------|---|
| Number of people receiving cash assistance | 511 | 32,455 |
| Time from assessment conclusion to cash delivery | 4 months | flood response - 15 days drought response - 3 months |
| Total cash assistance transfer volume | 3,003 Swiss francs | 128,320 Swiss francs |
| Proportion of disaster responses using cash transfers | N/A | 6% |

As a result of feedback from disaster affected populations, MWRCS response analysis processes now systematically consider cash transfers, resulting in the opportunity for a more rapid delivery than in-kind assistance.

Even with increasing capacity, MWRCS notes a number of barriers, which are highlighted in the table below.

Table 3a. Internal factors enhancing and hindering cash readiness

| Internal facilitating factors | Internal hindering factors |
|--|---|
| Experience in assessment, registration and distribution of in-kind at community level which is transferrable to CTP | No clear trigger for when market assessment results indicate CTP is appropriate within Malawi Vulnerability Assessment Committee (MVAC) methodology |
| FBF is now incorporated into SOPs and applied to the south of the country | Concerns that cash transfer values are too low and cannot meet the needs of disaster-affected people |
| Cash is believed to be more cost-efficient than in-kind | Limited HR investment in cash preparedness; no MWRCs cash preparedness focal point counterpart for partner national societies |
| Understands the importance of improving targeting and feedback mechanisms; well-placed to implement a feedback mechanism for others' CTP | Human resource capacity for reconciliation is limited and time consuming |
| Finance-specific SOPs in use | Inadequate internal information management systems; no shared drive |
| | Risk of cash preparedness tools not being put into practice due to ways of working and internal controls in DM activities |

Table 3b. External factors enhancing and hindering cash readiness

| External facilitating factors | External hindering factors |
|--|---|
| Sept 2017 beneficiary preference survey demonstrates that community preference is increasingly for cash rather than in-kind for basic needs, including food and non-food items | MWRCS perceived as an in-kind actor |
| Donors are funding cash preparedness within disaster risk reduction activities and shock-responsive social protection | Liquidity of mobile phone agents and capacity to mobilize agents is highly variable |
| National SCTP looking to link poverty reduction with scaling up for disaster response through CTP; unified registration database being developed | Mobile phone operators are increasing their prices |

Lessons identified

The cash preparedness support provided to the MWRCS has allowed it to standardize tools and key aspects of the disaster management cycle at the branch level. Building capacity at HQ level has been more challenging because of the workload of DM staff; responding to numerous crises a year makes it difficult to focus on cash preparedness plans. Discussions with MWRCS staff and partners have identified that cash preparedness activities would be more meaningful and sustainable if they were embedded within MWRCS organizational development activities. At present, the number of staff in DM is too low for the full integration and roll out of cash preparedness activities to branches. This limits the systematic use of tools throughout the project cycle. The National Society support systems in finance are centralized to ensure robustness. However, the MWRCS is highly dependent on Red Cross Red Crescent partners for cash preparedness implementation.

- MWRCS cash transfers to date have been relatively small scale; the opportunity to scale up needs to be explored.
- Trainings and lessons learned exercises raised confidence levels and addressed implementation concerns.

- MWRCS capacity is currently structured around the funding of projects, slowing uptake and mainstreaming, as it centres cash capacity on a small number of individuals and along project delivery timelines.
- Formal cash preparedness documentation and information systems in MWRCS are weak, and knowledge is kept by individuals, not the institution.
- The main limiting factor is the perception that the MWRCS is an in-kind actor during disaster response. MWRCS competes with a number of other actors who have established geographical presence in certain parts of the country. This is also seen in how donors limit their funding, perhaps to ensure coverage, rather than work with local organizations where they are strong as per the Grand Bargain localization agenda.

Malawi provides the following lessons in relation to National Society cash preparedness:

- The four tracks of cash preparedness need to be implemented in parallel, and work on enabling systems is often the most challenging.
- Longer time periods of at least 2-3 years are needed, along with organizational development to support and implement cash preparedness.
- CTP scale-up is dependent on role of the National Society in national disaster response, which can be an enhancer or an inhibitor.
- Localization of aid means National Societies are increasingly expected to fill geographical coverage gaps in areas where their branch capacity may not be the strongest.
- Cash preparedness support at the branch level is a good way to pilot new ways of working but needs to be owned at the national level to have meaningful impact.

Conclusion

Over the last two years, the MWRCS has increased its CTP in response to disasters. Cash preparedness support in the form of a dedicated delegate has contributed significantly to strengthening programme tools and human resource capacity. The effectiveness of cash preparedness is very closely interlinked to MWRCS preparedness and development as a National Society as well. The increased awareness among leadership, staff and volunteers that CTP is feasible and preferred by disaster-affected communities has led to the realization that more investment is required to prepare to have the necessary systems and procedures in place.

Cash preparedness support to date, while making great progress, has been insufficient to ensure the sustainable, quality provision of cash transfers at speed and scale. Capacity is currently limited to branches that have had direct CTP implementation experience. Also, the service agreements with FSPs designed to deliver the FBF project had yet to be tested in July 2018. The MWRCS is recruiting a CTP focal point, which will greatly contribute to MWRCS capacity to take up cash preparedness activities more systematically.

