Full Proposal: FCDO Malawi - Cash for Climate Resilience - Chikwawa District

Date submitted: August 2024

I. The Challenge

Malawi is a country characterized by high population growth[1], declining agricultural productivity, and very low resilience to climate change[2]. Most livelihoods in Malawi are dependent on rainfed agriculture, and the poorest households are trapped in a recurrent cycle of food insecurity and weather-related climate shocks (i.e. drought and cyclone-induced floods), which are exacerbated by persistent macro-economic challenges.

In the 2023/24 season, most Southern Malawi districts recorded very low rainfall of about half of normal levels, due to the impacts of El Niño. The rainfall was poorly distributed across time, with dry spells lasting over a month[3].

These conditions have caused a significant reduction in food and cash crop production due to the severe dry spells, reduced access to income, and above-average prices of food and basic non-food commodities, while most households in the south had not yet recovered from the impacts of Tropical Cyclone Freddy in 2023. According to the latest Famine Early Warning Systems Network (FEWS NET) forecast, from June to September 2024, districts in southern Malawi are expected to face Crisis outcomes[4] and from October 2024 to January 2025 Crisis outcomes will persist in southern Malawi districts as the lean season begins and households exhaust their food stocks.

Even though the government made an El Niño response appeal in April 2024, funding levels remain unknown, and response planning has just commenced after the release of the Malawi Vulnerability Assessment Committee report in mid July. The FEWS NET estimates that from June to September 2024, the number of people facing high acute food insecurity (IPC3+) outcomes will be around 4.2M people (20% of the population), rising to 5.7M (28%) between Oct 2024 and March 2025[5].

All of this is having negative impacts on Malawi's already struggling economy, which continues to be weakened by a series of exogenous shocks and persistent macro-fiscal imbalances. Economic growth declined to 1.5% in 2023, from 2.2% in 2021, with lower agricultural output, erratic electricity supply, forex shortages affecting importation of raw materials, high global commodity prices and endemic corruption impacting public service delivery[6]. Inflation rates remained high at 31.7% in May 2024[7], driven by the devaluation of the Malawian Kwacha, along with rising costs of fuel, food and other essential goods. Economic volatility is likely to continue given high inflation and the shortage of forex coupled with inadequate import cover.

In this context, there is an urgent need to provide the most vulnerable households with the capital and tools to meet their immediate needs, prevent negative coping strategies, and build the resilience needed to adapt to, anticipate and absorb the current and anticipated climate shocks and stresses going into the 2024 and 2025 production and harvest seasons.

II. Proposed response

In response to the above challenges, GiveDirectly is proposing to partner with the Foreign, Commonwealth and Development Office to deliver direct and unconditional cash transfers to adult individuals in vulnerable, predominantly farming households in Chikwawa District in Southern Malawi.

GiveDirectly's unconditional cash transfers will be layered on top of a package of complementary interventions (e.g. financial literacy training, entrepreneurship and business training, soil testing,

implementation of regenerative agricultural practices) being delivered in Chikwawa District by Opportunity International.

Over a two year period, GiveDirectly aims to directly reach up to **7,200** adult individuals (up to **3,200** in Year 1 and up to **4,000** in Year 2) in one Traditional Authority (TA) in Chikwawa District in Malawi's Southern Region with a cash transfer of **£432.96 GBP**, via mobile money.

GiveDirectly has already successfully piloted this approach in Southern Malawi, in 2022, with a program aimed at increasing the resilience of 5,000 farmers in Balaka district, by combining training in climate-smart agricultural practices with unconditional cash transfers. At the end of the project, the evidence collected showed improvements on a number of outcomes including: (i) Climate Resilience; (ii) Food Security; (iii) Crop diversification; (iv) Purchase of inputs (i.e. certified seeds, fertilizers, and equipment). Please refer to the evidence section below for more.

III. Gap Analysis

The proposed response will address the following key gaps:

- **Lack of resources to meet immediate needs:** Due to the impacts of El Nino, which are causing shortfalls in agricultural production, combined with high food and non-food commodity prices, and limited livelihood options, smallholder farmers are lacking the resources to meet their basic needs and may resort to negative coping strategies which will hamper their livelihoods, resilience and wellbeing over the longer term.
- **Limited access to capital and tools to build adaptive, absorptive and anticipatory resilience capacity:** Due to the recurrent cycle of food insecurity and weather-related climate shocks, and the persistent macro-economic challenges in Malawi, smallholder farmers don't have the capacity to build their resilience and develop sustainable livelihoods.

In addressing the identified gaps, this project will follow the three resilience capacities approach developed by FCDO for its Building resilience and adaptation to climate extremes and disasters programme (BRACED) projects (i.e. the capacity to adapt to, anticipate and absorb climate extremes and disasters - the 3As) in the following ways:

- **Adaptive Capacity:** Cash transfers combined with complementary interventions will directly increase recipient's access to resources, and resultantly improve their ability to adapt to, learn from and adjust to climate change risks. Evidence shows that cash transfers enable recipients to increase their income by diversifying their livelihoods, using fortified seeds, embedding climate-smart agriculture practices within their livelihood practices, making investments in productive assets, and by getting access to climate information and other basic services.[8]
- **Absorptive Capacity:** Cash transfers combined with complementary interventions will also improve recipients ability to absorb and cope with the impacts of climate vulnerability and extremes, using available skills and resources. Evidence shows that cash transfers increase savings and enable recipients to diversify their assets and resources to better cope with the impacts of a disaster[9].
- **Anticipatory Capacity:** Cash transfers will directly increase recipient's ability to anticipate and reduce the impact of climate variability and extremes, and manage disaster risk. Evidence shows that cash transfers provided before a foreseen event (i.e. drought, cyclone etc.) enable recipients to anticipate shocks and stresses and reduce the impact of climate extremes by: undertaking vital planning and preparedness activities (e.g. by building strong houses, improving their shelter, building

better storage capacity etc.), getting access to and disseminating information (i.e. forecasts and warnings), as well as having better coordination and mobilization capacity[10].

IV. Cash transfer sizing and evidence

In determining the size of cash transfers for its projects, GiveDirectly uses available evidence to strike the appropriate balance between reaching as many people as possible with available resources, and ensuring that amounts are sufficient to enable individuals to make meaningful productive investments in resilient livelihoods and wellbeing.

For this initiative, GiveDirectly is proposing to deliver a transfer size of £432.96 GBP per individual distributed over two transfers. Such a transfer amount would enable recipients to meet basic consumption needs during the project while also providing them with sufficient capital to build their resilience ahead of the 2024-25 production season (Oct.-Jan) and the 2025 harvest season (May-June).

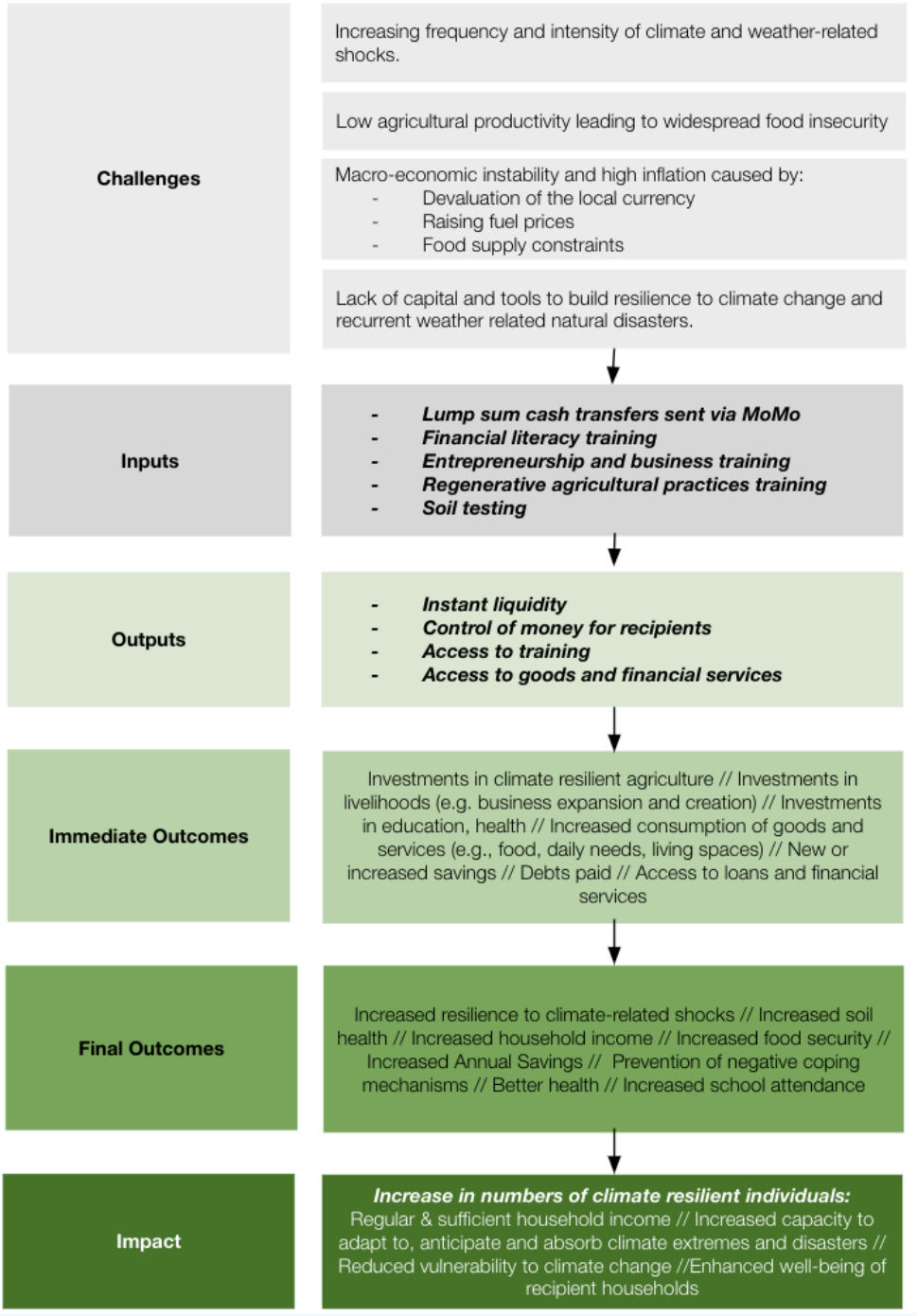
A transfer of £432.96 GBP per adult means a typical household will receive £865.92 GBP — we know this transfer size is effective from extensive study of our large transfer program, which has delivered $220M (i.e. over £170M) to 350,000 households in extreme poverty since 2009. Several GiveDirectly RCTs have found similar amounts to drive positive outcomes across a variety of poverty indicators while increasing productive investments. Moreover, preliminary evidence from our ongoing Kenya UBI RCT (not yet published) has found similarly-sized lump-sum transfers to be more effective than the equivalent amount in monthly payments over two years (i.e., a basic income).

Evidence shows that large cash transfers positively impact education, health, employment, and many more indicators. Furthermore, research has indicated that large transfers:

- **Are more impactful than smaller transfers:** A 2022 study in Rwanda tested various cash transfer sizes ranging from $317-$750 and found that 3.5 years after the transfers, only the large transfers still had positive effects on recipients.[11]
- **Have positive impacts on food security long-term**: A USAID funded benchmarking randomized control trial (RCT) in Malawi and Liberia showed that, in Malawi, cash transfer of $500-$750 Increased food security with the positive impact persisting for up to 2 years after the cash transfer, increased spending on agriculture inputs, and also improved non-land wealth, psychological well-being and households resilience to shocks.[12]
- **Enable investment in productive assets:** A USAID funded benchmarking randomized control trial (RCT) found that large lump sum transfers of $750 led to a 394% increase in productive assets, 108% increase in monthly income and 35% increase in productive hours. Savings also increased by 129% and consumption by 61%.[13]
- **Positively impact the broader community:** Cash transfers of $1,000 per household in Kenya were shown to have strong positive effects also on non-recipients. Researchers found a fiscal multiplier of 2.5x when accounting for impacts on recipients and non-recipients.[14]
- **Have a long-term positive effect:** Cash transfers designed to help youth kick-start a business increased ownership of business assets by 57%, and earnings by 38% versus a control group after four years.[15] After 9 years, they did not earn more than control, but they did have more assets.[16] The 12 year follow up (during the COVID-19 pandemic) finds cash recipients had incomes 17% higher than control demonstrating that cash transfers had enabled greater resilience.[17]

V. Theory of change

The Theory of Change of this project is that: **IF** rain-fed agriculture dependent adult individuals in Chikwawa District are provided with investment sized multi-purpose cash assistance layered on top of complementary interventions (e.g. financial literacy training, entrepreneurship and business training, soil testing, implementation of regenerative agricultural practices), **THEN** they will have access to capital and tools to meet their immediate basic needs **AND** be more food secure **AND** build their capacity to better adapt to, anticipate and absorb climate extremes and disasters (see diagram below).



VI. Results framework and M&E approach

ToC Stage	KPI	Baseline[1]	Target	Source & Frequency
Outputs	**ICF KPI #1:** # of people supported to better adapt to the effects of climate change.	N/A	Year 1: 3,200 Year 2: 4,000	- Tool: Beneficiary registration data - Frequency: Rolling/continuous
	Transfer delivery - # of recipients reporting successful receipt of transfers - % of recipients reporting issues collecting transfers (i.e., trouble cashing out, mobile money issues, adverse events)[2]	N/A	- # of recipients reporting successful receipt of transfers: Year 1: 3,200 Year 2: 4,000 - % of recipients reporting issues collecting transfers (i.e., trouble cashing out, mobile money issues, adverse events): <5%.	- Tool: Post-transfer follow up survey - Frequency: Immediately following transfer
	Access to goods and financial services - # of recipients who own at least 1 working mobile phone - # of recipients with a mobile money account	- # of recipients who own at least 1 working mobile phone: - # of recipients with a mobile money account:	- # of recipients who own at least 1 working mobile phone: Year 1: 3,200 Year 2: 4,000 - # of recipients with a mobile money account: Year 1: 3,200 Year 2: 4,000	- Tool: Post-transfer follow up survey - Frequency: Immediately following transfer
Intermediate Outcomes *To note: Outcome baseline figures are indicative only and will be updated when we have collected baseline data in the project area*	**Transfer spending** - % of transfers spent on: 1) productive assets; 2) housing; 3) food; 4) healthcare; 5) education; 6) entrepreneurial activities; 7) agriculture - % of recipients who spend any amount of transfer on: 1) productive assets; 2) housing; 3) food; 4) healthcare; 5) education; 6) entrepreneurial activities; 7) agriculture *[Adaptation]*	N/A	*To note: Given the unconditionality of the cash transfers, outcome targets related to how recipients are spending the cash should be taken as indicative expectations only. The program is based on the principle of recipients using the transfer in whatever way is most appropriate to meeting their immediate needs* - % of transfers spent on: 1) productive assets: **30%** 2) housing; **70%** 3) food; **30%** 4) healthcare; **10%** 5) education; **10%** 6) entrepreneurial activities: **30%**; 7) agriculture - % of recipients who spend any amount of transfer on: 1) productive assets: **20%** 2) housing: **90%** 3) food: **90%;** 4) healthcare: **5%** 5)	- Tool: Post-transfer follow up survey - Frequency: Immediately following transfer

[1]These baseline figures are ***indicative only*** and will be updated when we have collected baseline data in the project area
[2]Any adverse events related to transfer receipt will be escalated to the Recipient Safeguarding team

			education: **10%** 6) entrepreneurial activities: **10%** 7) agriculture: **20%**[3]	
	Housing - % of households using improved building materials (e.g., burnt bricks, tin roofs) *[Anticipatory Capacity]*	- % of households using improved building materials (e.g., burnt bricks, tin roofs): **5%**	- % of households using improved building materials (e.g., burnt bricks, tin roofs): **30%**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
	Food Security - # of crops grown per household *[Anticipatory Capacity]*	- # of crops grown per household: **1.5**	- # of crops grown per household: **>2**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
	Savings - % of recipients who have any form of savings *[Absorptive Capacity]*	- % of recipients who have any form of savings: **25%**	- % of recipients who have any form of savings: **75%**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
	Debt - % of recipients who have any form of debt *[Absorptive Capacity]*	- % of recipients who have any form of debt: **50%**	- % of recipients who have any form of debt: **<15%**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
Final Outcomes *To note: Outcome baseline figures are indicative only and will be updated when we have collected baseline data in the project area*	**Income** - Total weekly household income *[Absorptive Capacity]*	- Total Weekly household income: **TBD**	- Total Weekly household income: **+30% from baseline**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer)
	Consumption - Weekly household consumption *[Absorptive Capacity]*	- Weekly household consumption: **TBD**	- Weekly household consumption: **+50% from baseline**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
	Food Security - % of recipients who report going hungry at least once in the previous week *[Absorptive Capacity]*	- % of recipients who report going hungry at least once in the previous week: **75%** - # of meals eaten in the previous day: **1.5**	- % of recipients who report going hungry at least once in the previous week: **25%** - # of meals eaten in the previous day: **2**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer

[3]Given the unconditionality of the cash transfers, targets related to how recipients are spending the cash should be taken as indicative expectations only. The program is based on the principle of recipients using the transfer in whatever way is most appropriate to meeting their immediate needs

	- # of meals eaten in the previous day *[Absorptive Capacity]*			
	Education - Total # of school-age children attending school most days *[Absorptive Capacity]*	- Total # of school-age children attending school most days *[Absorptive Capacity]*: **11,500**[4]	- Total # of school-age children attending school most days *[Absorptive Capacity]*: **12,900**[5]	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
	Healthcare - % of recipients who are able to access needed healthcare *[Absorptive Capacity]*	- % of recipients who are able to access needed healthcare: **75%**	- % of recipients who are able to access needed healthcare: **95%**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
	Climate Resilience - % of recipients who are confident that they will be able to recover from the next climate shock *[Anticipatory Capacity]*	- % of recipients who are confident that they will be able to recover from the next climate shock: **25%**	- % of recipients who are confident that they will be able to recover from the next climate shock: **75%**	- Tool: Baseline, midline, and endline surveys - Frequency: Before transfer, 2 months after transfer, and 8-9 months after transfer
Impact	**ICF KPI #4:** Number of people whose resilience has been improved as a result of International Climate Finance	N/A	15,480 (3,600 households)	This indicator will be calculated employing the methodology outlined in the FCDO guidance document "KPI 4 Methodology"

VII. Description of intervention and timeline

Description:

For this project, GiveDirectly and its partners will employ a **saturation model**, reaching every eligible adult individual in selected GVHs in a selected TA in Chikwawa District with a £432.96 GBP cash transfer.

Given extremely high levels of poverty in Chikwawa district, the likelihood of inclusion errors (reaching people not living in poverty) is very low: GiveDirectly's analysis based on the Malawi Poverty Report 2020 and our own data estimates that 85-88% of the population in these districts are living below the international poverty line of £1.60 GBP per day per person.

Further, targeting within these highly vulnerable groups risks creating tensions within communities (and, potentially, within households). Complex humanitarian targeting mechanisms are often difficult for communities to understand and perceived as unfair, while feedback from recipients often indicates a preference for inclusion - providing cash assistance to all in the community[6].

Providing cash transfers to everyone in selected villages will maximize the impact of the transfers by creating community-wide effects and increasing resilience across the whole community. An inclusive safety net will

[4] Illustrative calculation assuming ~2 school-age children per HH, 80% of whom attend school most days at baseline (based on previous data from projects in Malawi)

[5] Illustrative calculation assuming ~2 school-age children per HH, ~90% of whom attend school most days at endline

[6] See, for example, the Nigeria Cash Barometer report produced by GroundTruth Solutions.

improve the overall economic well-being of vulnerable people and support the community's collective resilience:

- Saturation targeting simplifies recipient identification and administration, potentially reducing costs and minimizing exclusion and inclusion errors, which are common in selective targeting scenarios (Della Guardia et. al, 2022).
- By assisting all recipients in one community, saturation targeting can foster community unity, reduce stigmatization, and mitigate negative psychological effects among non-recipients, promoting a more harmonious social environment (Ozler, 2020).
- Saturation targeting can inject more resources into the local economy, potentially stimulating local markets and production, which can be beneficial in regions with widespread poverty (Della Guardia et. al, 2022).

The cash transfers will be delivered in two separate transfers:

- **1st Transfer: Token transfer of £43.50 GBP**
- **2nd Transfer: Larger transfer of £389.46 GBP**

The first transfer of £43.50 GBP (i.e. token transfer) will be equivalent to the value of the current SMEB for a household in Malawi (latest SMEB provided by the MVAC for July 2024 is 95,200k kwacha or £43.50 GBP). This amount would provide an adult individual with the means to meet their basic food and non-food needs for a month and combat food insecurity.

The subsequent large transfer of £389.46 GBP will provide recipients with the necessary capital to mitigate food insecurity risks and make the necessary investments in agricultural productivity and productive assets.

Timeline:

Year 1

In Year 1, transfers will be delivered **during** the 2024/2025 *production season* (October-January).

Activity	Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025
Pre-implementation phase: Government engagement.							
Recipient identification, sensitisation, and verification							
Enrollment of recipients into the project							
Token transfer sent using mobile money							
Transfer sent using mobile money							
Follow-up with all recipients after each transfer							
Detect and mitigate operational and reputational risks; manage any recipient complaints & issues							
Project reporting & results dissemination							

Year 2

In Year 2, GiveDirectly will test the efficacy of timing cash transfers **during** the 2025 harvest season (May-June) as a proactive strategy that leverages seasonal dynamics for maximum impact.

This timing would support immediate food security needs by allowing households to purchase staple foods at low prices and build buffer stocks for the lean season when prices rise and incomes fall. It would also promote investment in agriculture, enabling households to buy inputs for winter/irrigation cropping, which is crucial in Chikwawa and helps spread risk across seasons.

Additionally, cash transfers during this period would allow for investment in non-farm activities, such as small businesses or trading, which are often more viable when farming labor demands are lower and provide alternative income streams less vulnerable to agricultural shocks like droughts or floods, thus increasing farmers' absorptive as well as anticipatory capacity to the impacts of climate risks.

By supporting food stockpiling, secondary cropping, and income diversification, this strategy would also reduce household vulnerability to climatic and economic shocks, enhancing overall resilience.

Activity	Mar. 2025	Apr. 2025	May 2025	June 2025	July 2025	Aug. 2025	Sept. 2025	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026	Feb. 2026	Mar. 2026
Pre-implementation phase: Government engagement.													
Recipient identification, sensitisation, and verification													
Enrollment of recipients into the project													
Token transfer sent using mobile money													
Transfer sent using mobile money													
Follow-up with all recipients after each transfer													
Detect and mitigate operational and reputational risks; manage any recipient complaints & issues													
Final Data Collection													
Project reporting & results dissemination													

VIII. Project Management Arrangements and Project Activities

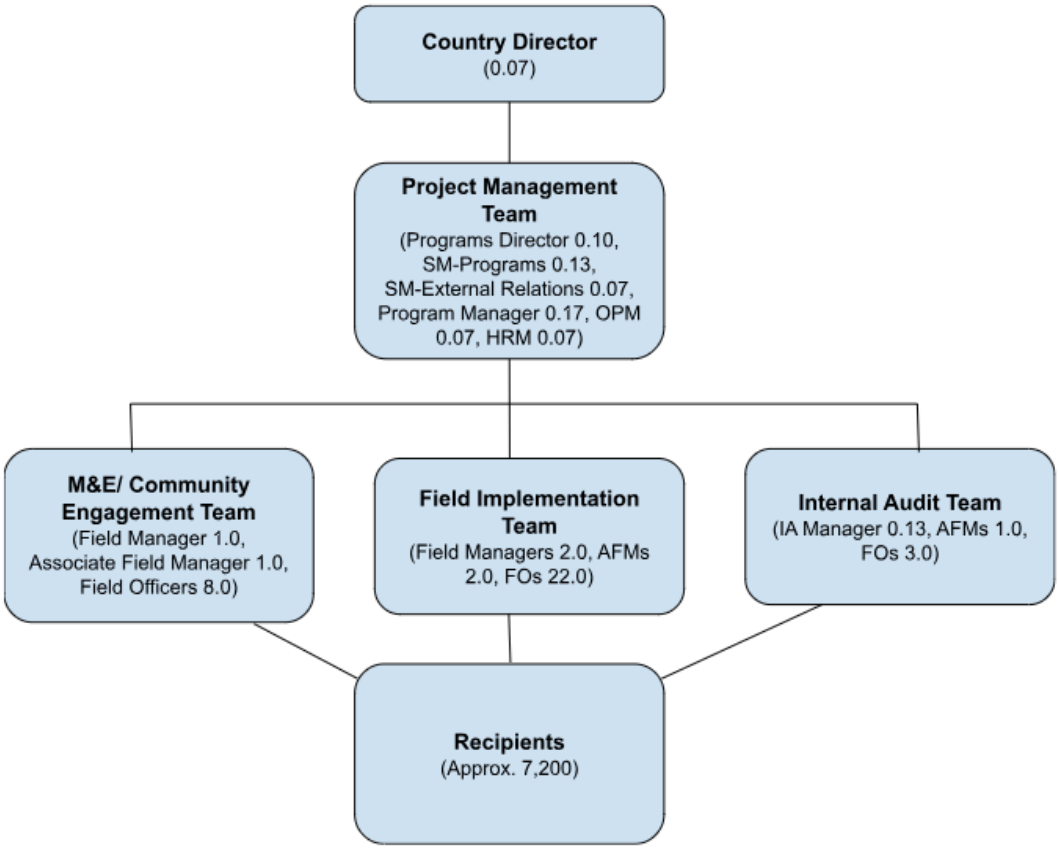
GiveDirectly will deliver the cash transfer intervention in targeted locations of Chikwawa district and hence be responsible for district entry and approvals, community mobilization, recipient identification and enrollment, payments, and project monitoring.

A management team comprising the Country Director, Programs Director, Senior Program Manager, Senior Manager - External Relations, Program Manager, Operations and Procurement Manager and Human Resources Manager will provide strategic oversight and management of project activities. The management

team will ensure delivery on project commitments and compliance to contractual agreements, as well as submission of timely and comprehensive reports to FCDO.

The Senior Manager and Program Manager will in particular ensure timely delivery of project activities as per the agreed quality standards and provide hands on support to the field implementation team.

A field implementation team in Chikwawa will be led by a Field Manager (FM) overseeing project implementation as well as an FM overseeing follow up and call center operations. The FMs will be supported by 2 Associate Field Managers (AFMs) who will work with 13 enrollment and 7 follow up officers responsible for community mobilization, recipient registration, and follow up surveys. A dedicated Monitoring and Evaluation team (comprising 1 Research FM, 1 Research AFM, and 8 M&E field officers) will run additional evaluation surveys as described below.



The cash transfer project will be co-located in areas where Opportunity International (OI) is implementing complementary interventions of financial literacy training, entrepreneurship and business training, soil testing, implementation of regenerative agricultural practices. There is no funding agreement between the two organizations for the co-location.

Approval for the launch of the project in Chikwawa district will be sought from the local government. The local government authorities through the offices of the district commissioner are expected to play an oversight function for the project as they are responsible for overall monitoring and coordination of NGO activities in the district to ensure synergies with government development objectives. Community structures such as Area Development Committees (ADCs) and Village Development Committees (VDCs) will facilitate

implementation of project activities including community mobilization.Specifically through this project, GiveDirectly will conduct the following activities:

Activity 1: Government engagement

GiveDirectly will engage with Opportunity International, the Department of Disaster Management Affairs, the Chikwawa District Council, and other relevant stakeholders (including the relevant District Civil Protection Committee and the Area Civil Protection Committee) to identify the exact TA for the implementation of this intervention and to align on the program design. The TA will be identified based on the most up-to-date Famine Early Warning Systems Network forecasts at the time of the engagement with Government and other stakeholders and partners.

Activity 2: Recipient identification, sensitisation, and enrollment

GiveDirectly will then conduct sensitisation events in the identified villages to introduce the project and GiveDirectly enrolment process. GiveDirectly will then conduct a face-to-face census exercise to create the list of potential recipients living in each village, verify which individuals live in the village, and issue phones to those who need them.

Recipients will be provided with token cards, SIM cards and phones to facilitate their registration with mobile money accounts and enroll them into the project for payment. During this process GiveDirectly will educate recipients on mobile money usage and mobile money security. Recipients are also advised on the project's feedback mechanism through GiveDirectly's hotline number. Recipients will then be invited to enroll in the project via USSD survey, with GiveDirectly field staff providing in-person support to help individuals complete the survey where needed.

Activity 3: Transfers sent using mobile money

Individuals who meet the eligibility requirements will be moved to the payment stage. GiveDirectly's preferred method of payment in Malawi is through mobile money; we offer recipients a choice between the two main mobile money providers in Malawi, and they can enroll using existing mobile money accounts if they already have one. GiveDirectly's data and technology team will be responsible for sending payments to enrolled recipients. Prior to sending payments, the team will run data validation and security checks.

Activity 4: Follow-up with all target recipients after each transfer

All of GiveDirectly's programs include rigorous Monitoring and Evaluation (M&E) processes to ensure high quality operational experiences for recipients and to capture program impacts and lessons learned for future programs. Real-time monitoring of operational performance is critical to program success by ensuring that program objectives are being met. The technology we use enables us to collect real-time data and detailed process metrics as part of our standard operating procedures.

We will use pre- and post-transfer surveys to assess whether the project has improved economic well being & resilience of all recipients. After each transfer is sent, recipients will receive a call or in-person visit from our call center follow-up team to complete a follow-up survey. Recipients will not receive their second transfer until they have successfully completed a follow-up survey and confirmed they have had no issues with receipt or cash out of their first transfer.

Our follow-up surveys report on a mix of impact-related and & operational metrics, including:

1. Receipt of transfer

2. Use of the funds (expenditure, investment, savings, etc.)
3. Adverse events (theft, bribe, harassment, conflict, MoMo account issues, etc.)
4. Self-reported impact of the program on standard food security indicators
5. Ease of cash out
6. Speed of payment delivery

For more details on our proposed M&E approach, see the Annex A.

Activity 5: Detect and mitigate operational and reputational risks; manage any recipient complaints & issues

GiveDirectly will detect, mitigate, and manage any operational risks, including those detected through recipient complaints and issues, leveraging three separate and complementary processes.

Internal audit: GiveDirectly has invested in a firewalled team of internal auditors who conduct field assessments to surface safeguarding and fraud risks among the communities to which we send transfers. The internal audit team is 100% anonymous to GiveDirectly staff and works to detect, report, and investigate reports of staff or partner fraud or maltreatment. The internal audit team also serves as an additional touch point for reporting other adverse event cases experienced by our recipients. Before the program is launched, the internal audit team will develop a risk register to outline all possible risks that recipients may face. Program design adjustments will be made based on the analysis of these risks and detection mechanisms will be employed for specific types of adverse events.

Grievance response mechanisms: GiveDirectly will leverage its existing Grievance Response Mechanisms (GRM) to support recipients served by this program. Our hotline-based active GRM (available to recipients 5 days/week) complements passive GRMs such as those detected during post-payment monitoring and follow-up surveys and internal audit surveys, which may surface issues that recipients do not proactively reach out to report.

Issues reported to the hotline will automatically be logged in Salesforce and resolved by the appropriate team. In the case of non-sensitive issues, such as forgotten mobile money PINs, the call center will help resolve issues. This often occurs live on the incoming phone call. For more sensitive issues, such as theft or possible staff misconduct, cases will automatically be redirected to our internal audit or safeguarding team.

Recipient safeguarding protocols & policies: GiveDirectly takes seriously the importance of safeguarding our recipients against potential fraud and other forms of abuse. We have worked at all levels to entrench a culture of safeguarding, risk mitigation, escalation, and action. As part of that work, we require that all staff are annually trained on our Safeguarding, and Code of Conduct statements, and Whistleblower, Anti-Bribery & Anti-Corruption Policies. GiveDirectly will proactively investigate:

- Transfer loss through thefts and bribes
- Safeguarding concerns including sexual and gender-based violence
- Physical and verbal violence, community conflicts, and severe adverse events
- Technical issues with mobile money accounts
- Household conflicts
- Recipient experience interacting with GiveDirectly and partner staff

GiveDirectly will gather this information from three sources:

1. Incoming hotline calls (either from the recipient with the issue or a member of the community signaling an issue)
2. Internal audit and audit surveys (recipients are flagged for audit and internal audit via their responses during prior surveys - a random % of recipients are also included)
3. Outbound 'follow-up' calls post payments (conducted after each payment - in GiveDirectly programs, response to a follow-up survey is required before the next transfer can be sent).

IX. Key risks and mitigation measures

Category	Risk	Description	Likelihood	Mitigation
Impact Risk	Availability & quality of complementary services	- Lack of basic structural support services e.g agric extension support services, financial literacy and entrepreneurship, access to health facilities etc.	Low	-This project will be implemented in the same locations in Chikwawa District where Opportunity International - has already implemented its programs focused on financial literacy training, entrepreneurship and business training, soil testing, implementation of regenerative agricultural practices. -Continuous feedback from recipients through qualitative & quantitative sampling
Impact Risk	Inflation	- Reduced value of money sent to recipients, meaning the purchasing power and impact for recipients is eroded	Medium	-Seek advice from GiveDirectly academic advisers -Closely monitor impacts of inflation on purchasing power of recipients.
Impact Risk	Currency Devaluation	- Grant will be in GBP and the currency could devalue against the USD during project implementation	Low	- Request advance payment of entire Yr 1 budget amount that will be converted into USD on hitting the GD account
Reputation Risk	Reputation Damage	- Circulation of rumors and unfounded information on GD and FCDO about the project	Low	-Awareness creation on project during home visits and Barazas -Establishment of a rumor tracker to identify rumors and correct any misinformation about GD transfers
Operational Risk	High coordination needs with the government impairs operational efficiency and increases opportunities for fraud.	- Coordination with various government departments and central and district level may impair the pace for project roll out and expose recipient information that can be	Medium	-Significantly engage the government in the inception phase to provide prior approval for targeting and implementation model ahead of roll-out.

		used for fraud and community gaming.		
Safeguarding Risk	Exposure of recipients to physical harm or death	- Potential increase community conflict, violence, or crimes due to cash transfers	Medium	-Safeguarding and protection training for all staff including on how to escalate cases -Publicize the hotline number to easily get information about eventual cases - Sensitize recipients on safety precautions -Work with existing structures i.e community policing to strengthen security in targeted areas - Ongoing GBV, abuse & recipient harm monitoring -Sensitize the recipients at the household level and encourage collective action. - Active referral pathways where appropriate
Safeguarding Risk	Recipients' exposure to Household conflicts, GBV and physical harm	- Cash transfers may introduce or exacerbate safety risks especially for women and girls i.e exposure to various forms of GBV & abuse		
Fraud Risk	Fraud perpetrated by staff, community, and partners	- Recipients lose funds through scammers and misuse of power and authority by staff or local leaders to coerce and exploit recipients of their cash.	Medium	- Clear messaging to local leaders on the engagement structures and modalities with GD, including strong messaging on GD's Zero tolerances of fraud in all engagements -Suspension, investigation, and disciplinary action on employees concerned - Sensitize targeted recipients and publicize the GD hotline number to easily get information about eventual cases -Internal Audit team to conduct pre and post-transfer checks to identify and act on any recipients incidents relating to exploitation, abuse, or fraud.

X. Budget

The overall project budget is £4M. GiveDirectly has estimated that this project will operate at an efficiency rate of **80%**. This means that for every pound sterling funding the project, £0.80 GBP will be delivered directly to recipients.

For a detailed budget breakdown please refer to the spreadsheet that we have attached to this proposal.

XI. About GiveDirectly

GiveDirectly is a non-profit organization dedicated to delivering unconditional cash transfers directly to people in poverty. Since 2009, GiveDirectly has delivered over $800M in direct cash to more than 1.5 million people

across 14 countries. Our programs have undergone 20 RCTs to build evidence and advocate for cash transfers as an effective intervention in both development and emergency contexts.

In Malawi, GiveDirectly has established itself as a trusted cash actor among national government and key development institutions. We have delivered over $76M in cash, via mobile money, to more than 166,000 of the poorest and most vulnerable households in rural and urban areas across 10 districts and 4 cities. Our programs have contributed significantly to the national development priorities outlined in the Malawi 2063 Vision, including attaining food security, improving education outcomes, and increasing agricultural output.

XII. About Opportunity International

Opportunity International is a non-profit that creates opportunities for entrepreneurs to build their businesses, children to go to school, farmers to feed their communities, and families to end the cycle of generational poverty. For nearly 50 years, Opportunity International has developed innovative programs that use financial services, training, and support to address some of the greatest challenges facing those living in poverty around the world.

In Malawi, Opportunity International has equipped farmers with the tools and knowledge they need to build sustainable livelihoods, diversify their crops and lessen their dependence on growing tobacco, increase their yields, connect farmers to markets, buyers and suppliers, and better support their families.

Annex A

Monitoring and Evaluation Approach

To monitor this project, GiveDirectly will collect data from recipients through a series of surveys at the following cadence:

1. **Baseline Surveys:** Baseline data will be conducted for year 1 and 2 cohorts at the point of enrollment (census) by GiveDirectly field staff. We will collect basic demographic information, including gender, age, and disability status, from 100% of recipients. A randomly selected sample of 15% of recipients will receive an additional baseline research module capturing data on outcome-related indicators outlined in the Results Framework (see Section VI above). This 15% sample will be drawn using a one-stage simple random selection process. The sample will be drawn from the full recipient list, which will serve as the sampling frame. The sample will be stratified by age and gender.
2. **Short-Term Follow-Up Surveys:** Two weeks after the lump-sum cash is delivered, GiveDirectly will follow-up with 100% of recipients via the call center. These short surveys collect data on receipt of transfer, use of the funds, adverse events (theft, bribe, harassment, conflict, Mobile Money account issues, etc.), and ease of cash out. Adverse events that are reported will be investigated by our firewalled independent audit team.
3. **Midline Surveys:** Two months after the lump-sum cash is delivered, GiveDirectly will conduct midline surveys with a randomly selected sample of 15% of recipients. As with the baseline survey, this research-oriented survey will capture data on outcome-related indicators outlined in the Results Framework, with the goal of capturing insights on short-term outcomes related to the transfers.
4. **Endline Surveys:** To capture indicative insights on the longer-term impacts of cash transfers, GiveDirectly will conduct endline surveys for year 1 and 2 cohorts 8-9 months after the lump-sum cash is delivered with a randomly selected sample of 15% of recipients on key indicators of interest. In addition, GiveDirectly will also plan to conduct a secondary long-term endline survey 14 months after cash is delivered for a randomly selected sample of Year 1 recipients.

Indicators will be disaggregated by age, gender, and disability status for reporting purposes. We note that changes in indicators between baseline and endline will reflect a combination of the impact of the cash transfers, Opportunity International's intervention, and changes in the lives of recipients (positive and negative) that happen for other reasons over the course of the project (e.g. changes in the macroeconomic environment, environmental shocks). Changes in outcome indicators measured through these M&E surveys will therefore provide *directional* evidence of impact.

In order to complement this quantitative data collection, GD will also incorporate qualitative data collection into our monitoring and evaluation approach. Qualitative data collection will consist of focus group discussions (FGDs) with representative samples of recipients alongside our endline quantitative data collection (8-9 months after cash delivery). FGD participants will be selected to ensure as representative a sample as possible. Specifically, groups will be selected to ensure that there is adequate representation of women, youth, and people with disabilities. Participants will be selected using convenience sampling methods in close consultation with GD field staff, local community leaders, and community councils, all of which are expected to have the requisite contextual knowledge to assist in selecting robust, representative groups of recipients. The data from these FGDs will be analyzed using thematic analysis methods.

This qualitative and quantitative data will be synthesized into a final mixed-methods summative evaluation. This evaluation will provide directional evidence on the potential impacts of cash transfers on key outcomes of interest.