

Chapter 4 – The Malawi Poverty Reduction Strategy

The MPRS has been designed in the light of the severe poverty situation and the lessons learnt from past experience. It is the result of extensive consultations as described in Annex 1. In the past, Malawi has failed to achieve sustainable and equitable growth. In the 1970s, there was sustainable growth, but this was centred in the estate and large-scale sectors and did not benefit the poor. In the 1980s, SAPs succeeded in achieving relative economic stability, but this was not translated into economic growth, in part due to a lack of national ownership and poverty focus. In the 1990s, there were periods of equitable growth driven by the smallholder agricultural sector, but this growth was not sustained as a result of external shocks and policy reversals. As a result, as Chapter 2 demonstrates, income poverty has remained high, and distribution remains highly unequal.

This historical experience points to a strategy of pro-poor growth. This is growth that involves and benefits the poor, and requires maximum participation of women and men in all sectors. This will be complemented by some deliberate transfers to the ultra-poor who are not able to lift themselves out of poverty. The concentration of poverty in rural areas requires proportional concentration of poverty reduction efforts and activities in rural areas. The poor social indicators described in Chapter 2 will be addressed through human capital development interventions, which are a precondition for improved quality of life in the medium term, and for sustainable long term income poverty reduction.

The medium goal of the MPRS is that by mid-2005 the incidence of poverty in Malawi should be reduced by 6 percentage points, from 65.3 percent of the population to 59.3 percent. The medium term poverty reduction goal will be met through a number of poverty reduction targets. The targets are summarized in Table 4.1 below.

Table 4.1: Selected Major Impact Targets for the MPRS 2002-2005

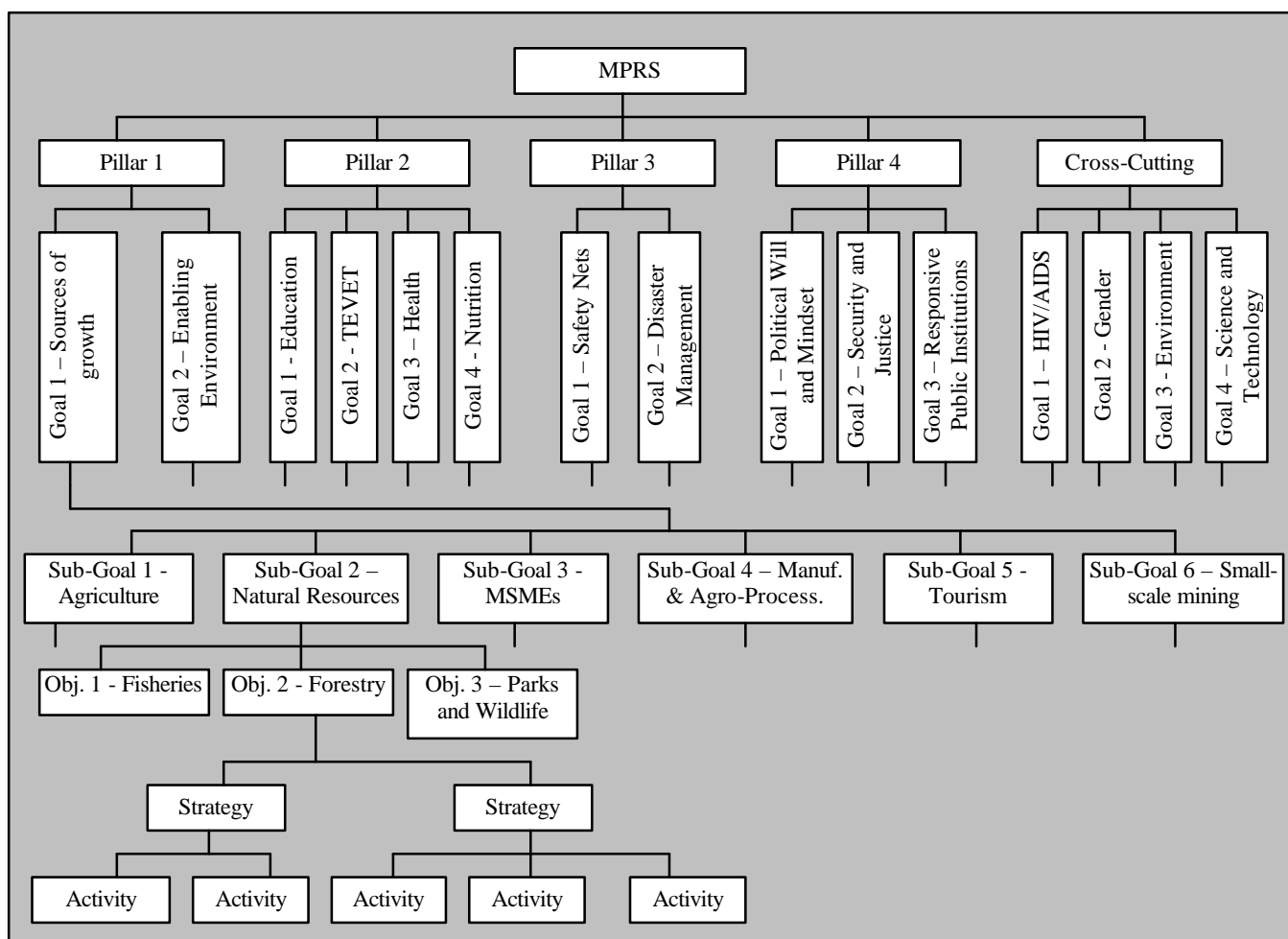
| Type | Current Status | Target 2005 |
|---|----------------|-------------|
| Poverty headcount measured by consumption based poverty line | 65.3% | 59.3% |
| Extreme poverty headcount, measured by consumption based ultra-poverty line | 28.8% | 20% |
| Life expectancy | 39 years | 43 years |
| GDP per Capita (constant 2001 prices) | MK 10,500 | MK 11,400 |
| Literacy rate (female) | 58% (44%) | 70% (60%) |
| Infant mortality rate (per 1000 children) | 104 | 90 |
| Maternal mortality rate (per 100,000 live births) | 1,120 | 800 |

The MPRS is built around four strategic pillars. These pillars are the main strategic components grouping the various activities and policies into a coherent framework for poverty reduction. The first pillar contains strategies that will enhance rapid sustainable pro-poor economic growth and structural transformation. In the second pillar, strategies focus on human capital development. The third pillar captures strategies on improving the quality of life of the most vulnerable. The fourth pillar covers issues of good governance.

The MPRS will also ensure that cross cutting issues including HIV/AIDS, Gender, Environment and Science and Technology, are mainstreamed in all four pillars of the MPRS.

This Chapter and the Action Plan matrix on which it is based define activities grouped into various levels of category, as shown in Figure 4.1 below. Each Pillar (including Cross-Cutting Issues) has a number of Goals, shown in the text as headings numbered 4.x.x. For example, Pillar 1 has two Goals: Sources of Pro-Poor Growth and Creating an Enabling Environment for Pro-Poor Growth. Many Goals are then broken down into Sub-Goals, shown in the text as headings numbered 4.x.x.x. For example, Sources of Pro-Poor Growth is broken down into 6 Sub-Goals: Increasing Agricultural Incomes, Sustainable Utilisation of Natural Resources, Develop MSMEs, Boost Manufacturing and Agro-Processing, Develop Tourism, and Small-Scale Mining. Each Sub-Goal is associated with a number of Objectives, shown in the text as underlined and numbered headings. For example, the Natural Resources Sub-Goal contains three Objectives dealing with fishery, forestry and wildlife resources. The strategies necessary to achieve each objective are described under each Objective heading. These strategies are further broken down into the specific activities necessary in the action plan.

Figure 4.1: Logical Flow of MPRS



In the description of the Pillars below, goals, objectives, strategies and activities are generally described in priority order, as reflected in the Action Plan in Annex 1. This description is intended as a narrative summary of the Action Plan. The descriptions should be read in the context of the costing and prioritisation framework described in Chapter 5, and the detailed

action plan matrix, which link the Pillars, Goals, Sub-Goals, Objectives, Strategies and Activities to cost implications and monitoring information.

4.1 Sustainable Pro-Poor Growth

Economic growth is a precondition for sustainable poverty reduction. Without any general increase in incomes, any redistributive measures will not be sustainable. However, economic growth in itself is not sufficient for sustainable poverty reduction – the growth must be pro-poor. Pro-poor growth is growth that involves and benefits the poor. It is a prerequisite for broadening income distribution and generation of employment. The consultations country-wide revealed a number of short-comings in the previous approaches to stimulating growth and reducing poverty. Major inadequacies were identified in agricultural production, micro-enterprises and micro-finance, rural infrastructure and macroeconomic stability.

Pillar 1 is divided into two main elements: the promotion of specific sectoral sources of pro-poor growth, and the creation of an enabling environment for pro-poor growth. It is recognised throughout the Pillar that the driving force for growth will be the private sector³³. The role of Government, NGOs and donors is merely to facilitate this growth, by creating an enabling environment and providing specific support for the identified specific sectoral sources of pro-poor growth. This support is generally focussed on economically empowering the poor and supporting Micro, Small and Medium enterprises and sectors in which the poor are active. However, such support is unlikely to be sufficient in generating the level of economic activity necessary for sustainable poverty reduction and lessening dependence on donor financing. Thus, the MPRS does not neglect the crucial role of the large scale private sector in generating investment, employment, tax revenue and foreign exchange. The consultation process clarified that the priority for this large scale private sector is the creation and maintenance of an enabling environment, with particular focus on macroeconomic stability, taxation and trade. Further, the large-scale private sector, as a development partner, itself has a crucial role to play in ensuring that its actions are pro-poor.

Growth prospects also depend on developments in the other Pillars. For example, issues of education and health contained in Pillar 2 are critical for medium to long term growth prospects through improvements in human capital and productivity. Improving on issues of corruption, governance, parastatal reform, security and the rule of law (especially property rights), all covered in Pillar 4, are similarly crucial for the investment climate.

Sustainable pro-poor growth also requires the mainstreaming of cross-cutting issues in all interventions. Government, development partners and the private sector must take measures to address the HIV/AIDS pandemic if productivity, savings rates and human capital are not to decline. Appropriate science and technology must be harnessed to increase productivity. Efforts must be taken to ensure that all gender groups are fully involved in economic activities. Finally, to be sustainable, economic activities must ensure that the stock of natural resources is not depleted further.

³³ Throughout this document, the term “private sector” is used to describe all types of private business activity, from smallholder commercial farmers and small-scale vendors, to large-scale national and international enterprises

4.1.1 Sources of Pro-Poor Growth

The key specific sectoral source of pro-poor growth in the medium term is agriculture. Efforts will also be made to diversify into sectors with greater value-addition, especially through Micro, Small and Medium Scale Enterprises (MSMEs). The key sectors identified for diversification are natural resources, manufacturing, tourism and small-scale mining.

4.1.1.1 Increasing Agricultural Incomes

As Chapter 2 clearly shows, agriculture remains the most important source of income accounting for 63.7 percent of total income of the rural poor. Thus, increasing agricultural incomes will be a key source of poverty reduction, at least in the medium-term. The agricultural sector will also remain the key source of growth and employment in the medium term, as it accounts for about 36 percent of GDP, 87 percent of total employment and supplies more than 65 percent of the manufacturing sector's raw material requirements.

However, poverty reduction and growth through the agricultural sector has been constrained by a number of factors identified during the MPRS preparation process. Many of the key barriers to poverty reduction through agriculture lie outside the remit of the Ministry of Agriculture and Irrigation, such as physical access to markets (rural feeder roads), access to credit and rural insecurity. In addition, the Ministry has not been focussed on its role as a service provider to farmers.

Government and its partners will therefore promote poverty reduction through agriculture by providing farmers³⁴ with the necessary services and conditions for them to increase their incomes. This will involve expanding and strengthening access to agricultural inputs; improving research and extension services, introducing smallholder friendly technologies, improving access to local and international markets; reducing land shortage and degradation; increasing investment in irrigation; and developing farmer co-operatives and associations. Further, issues of rural infrastructure and security, which are crucial to poverty reduction through agriculture, are covered under the sections on rural infrastructure in Pillar 1, and on security and justice under Pillar 4.

1. Expand and Strengthen Access to Agricultural Inputs

Low agricultural productivity is mainly due to unavailability or lack of access to essential inputs such as fertilizers, manure and quality seeds. Use of fertilizer and improved hybrid seed by the majority of farmers, especially smallholders, has been extremely low. Given cash flow problems associated with agriculture, even productive farmers require credit to purchase inputs. Poorer farmers are generally unable to repay loans and therefore require safety nets interventions. However, financial institutions are reluctant to lend to the agriculture sector due to inherent risks of farming, lack of collateral and high default rates. Increases in input supply through safety nets to the rural poor have resulted in increased production in the past. For instance, in 1998/99 and 1999/2000, Malawi experienced bumper harvests, among other things, owing to the implementation of free seed and fertiliser distribution under the Starter Pack Programme (SPP).

³⁴ The term "farmers" throughout this document refers to both female and male farmers.

The solution to these problems is threefold. Firstly, efforts will be made to increase farmers' access to credit with more emphasis on reaching the productive poor, who have in the past been non-creditworthy. The detailed strategies on credit are elaborated in section 4.1.2.2. However, in order to facilitate access to credit, the farmer groups and associations that will be formed throughout the country will be organised into Savings and Credit Co-operative Organisations (SACCOs) or village banks for the purposes of mobilising savings and providing credit to members. In addition the SACCOs and village banks will be used as collateral for accessing credit from commercial banks and other financial lending institutions. Government will provide limited financial support for the capitalisation of these village-based credit schemes.

Secondly, Government and its partners will encourage the production and use of compost and other sources of manure, and will link farmers to markets that demand organically produced agricultural crops. Thirdly, access to inputs for the most vulnerable will be increased through the Targeted Input Programme (TIP) and Public Works Programme (PWP) as elaborated in Pillar 3.

2. Improve Agricultural Production Through Improved Research and Extension Services.

Agricultural research institutions have developed technologies that have not been fully adopted by smallholders because of high costs of technology and inadequate linkages between research and extension. Some of the technologies (such as motorised irrigation) developed are inappropriate for use by the low capital and small land holding farming communities in Malawi. The agricultural extension system has in recent years come under pressure from resource constraints, both financial and human. The supply-driven system of training individual farmers has been undermined by a growing farming population, deaths and retirement of extension workers (resulting in an attrition rate of 9 percent), inadequate training of new workers and retraining of existing workers, the specialisation required for certain issues and a lack of resources for inputs such as fuel. As a result, Government and its partners in the agricultural sector have formulated a new extension policy to make extension delivery more effective and responsive to farmers' needs. The policy emphasises demand driven pluralistic extension services, allowing farmers to determine the information required, and involving NGOs (including private institutions) in the delivery of extension services. While the government will still remain the main provider of free extension services especially to smallholder farmers, some progressive and fully commercialised estate farmers will have to pay for extension services which will be provided by some private institutions such as NGOs, ARET and NASFAM. Further, existing and new NGOs will be encouraged to provide extension services to smallholder farmers.

The resulting strategies involve, firstly, strengthening extension delivery services, including the implementation of the new extension policy. Efforts will be made to reverse increases in the farmer to extension worker ratio in order to increase farmer access to extension services. This requires training and employing more extension workers to fill the gap created by the high attrition rate. In addition, existing extension workers will be retrained to enhance their knowledge and reorient them to the new extension policy. The training will involve modules

on HIV/AIDS, gender, soil fertility and conservation, business management and marketing, and the formation of associations and groups.

Secondly, Government and its partners will facilitate the formation and development of product specific farmer co-operatives and associations. These groups, cooperatives and associations will be the focus of future Government interventions in the agricultural sector. For example, extension services will be targeted at groups rather than individuals; groups will be expected to provide training within and between their own members. The groups will also be the basis for the commercialisation of smallholder agriculture and will facilitate savings schemes and access to credit. In order to facilitate their formation, Government and its partners will train extension workers in group formation and management and will provide training for groups in management and marketing.

Thirdly, Government will enhance and perfect production and dissemination of appropriate agricultural statistics including weather, crop production estimates, and price and market information, which will enable effective planning for production and marketing of agricultural products.

Finally, research efforts in crops and animal production technologies will be strengthened. In particular, research will be made more responsive to the needs of farmers and easily adopted whilst being cost effective. To this end research and extension linkages will be strengthened by holding joint research extension strategic planning fora involving crops and animal specialists and farmers' representatives will be conducted biannually to identify farmer's technology requirements in order to come up with appropriate technologies to be transferred to farmers. A systemic approach to technology development, problem identification, and promotion and utilisation of appropriate technology will be advocated. On-farm impact assessment surveys will be carried out every year to determine usefulness and adoption rates of the technologies imparted.

Table 4.1.1: Extension Targets

| Indicator | Current Situation | Target 2005 |
|--|--------------------------|--------------------|
| Maize yield (kg/ha) | 1137 | 2000 |
| Cassava yield (kg/ha) | 16618 | 18000 |
| Cotton yield (kg/ha) | 776 | 1500 |
| Groundnuts (kg/ha) | 820 | 1000 |
| Soya Beans (kg/ha) | 685 | 1000 |
| Cumulative intake of extension trainees | 100 | 900 |
| Farmers' groups and co-operatives formed | - | 3000 |

3. Improve Access to Domestic, Regional and International Markets

There has been a general lack of understanding of domestic, regional, and international markets among Malawian farmers and small agro-enterprises such that they have not taken advantage of the market opportunities created by bilateral and multilateral trade agreements. Most stakeholders have very limited access to information on local and international markets especially smallholders and small scale traders, leading to lack of knowledge of the quality,

quantity and type of products to be produced and targeted to specific markets. The competitive position of agricultural products in Malawi is relatively weak due to high transport costs and low on-farm and agro-industrial productivity. Extension agents focus on production rather than marketing information and do not provide marketing support to farmers.

The strategic actions towards addressing these problems will include developing an efficient and effective Market Information System (MIS). This will be achieved through creating a better marketing network, which will link farmers to markets. Extension workers will be oriented towards imparting marketing knowledge such as grading, good storage and gross margin analysis. Dissemination centres will be created in all district assemblies and other conveniently accessed areas (schools, health centres, and agricultural offices). Market Information Systems in existing institutions for both inputs and outputs will be strengthened, demand driven and based on partnership between Government and the private sector. Farmers will be trained in how they can access markets (for example, by being informed by extension workers, through market research by farmer association representatives, and traders) and how to take advantage of specialised market opportunities. International linkages will be strengthened, for example, through trade fairs and other buyer/seller meetings, internet access, marketing bulletins and membership of local and international commodity trade associations

Rural farmers are not effectively involved in the marketing of their produce due to inadequate producer organisations, lack of cottage industries, lack of remunerative prices and weak rural infrastructure. In order to eliminate these problems, Government will facilitate the development of co-operatives to improve supply development. Export villages³⁵ will be established for selected clusters of crops to improve their marketability. Government will also initiate market development programmes to capture both domestic and export markets. Specific actions will involve creating and enhancing farmers markets, promoting buyer-seller contacts, designing and producing promotional literature and collecting and disseminating market information. Further, Government will protect rural farmers from sub-standard imported agricultural products.

4. Promote Small-Scale Irrigation Schemes and Drainage

The current irrigation system has failed to maximise its production potential and impact on poverty for two main reasons. Firstly, smallholder farmers have in the past been provided with motorised equipment whose utilisation was not economically viable, particularly due to high maintenance costs. Secondly, there have been inadequate trained personnel and training programmes for farmers in irrigation issues, leading to low adoption of irrigation technologies. As a result, total irrigable land (potential land for irrigation) is 200,000 hectares while only 57,000 hectares³⁶ is currently under irrigation, of which only 8,000 hectares is by small-holder farmers. By promoting small-scale irrigation and drainage, greater efficiency will be achieved in the use of water, hence increasing productivity and raising crop yields. Farmer associations and cooperatives will be encouraged to develop and maintain irrigation schemes in order to

³⁵ An export village is a grouping of entrepreneurs producing a particular product for export depending on the resource base of the local community.

³⁶ Government of Malawi (2000) *Irrigation Department Annual Workplan 2000/2001*, Ministry of Agriculture and Irrigation

increase production of specific commodities. This will include training, technical advice and linkages to credit institutions (through training and establishing contacts).

To this extent, the MPRS will facilitate the development of these small-scale irrigation schemes and undertake the drainage of marshland where necessary. Strategies will include: supporting the construction of small scale irrigation infrastructure; promoting irrigation schemes based on manual lifting devices, sprinklers and motorised pumps; rehabilitation and construction of community small earth dams, introducing training programs to build capacity in management; and draining and reclaiming wetlands for agricultural use where environmentally sustainable.

Table 4.1.2: Irrigation Targets

| Indicator | Current Situation | Target 2005 |
|--|--------------------------|--------------------|
| Treadle pumps supplied on loan to farmers (cumulative) | | 60,000 |
| Area under motorised pump irrigation (hectares) | 1,300 | 3,700 |
| Community dams rehabilitated | | 90 |
| Area under irrigation per ADD (hectares) | | 2,000 |

5. Encourage Production Specific Crops

The Malawi economy has largely relied on tobacco for income and employment. Since the repeal of the Special Crops Act,³⁷ there has been a tremendous increase in the production of burley tobacco as indicated in Table 4.1.3. However, with the increasing international antismoking lobby, the future of tobacco as the main foreign exchange earner is not certain. As a result, Government has pursued a policy of encouraging diversification of crop production away from tobacco to non-traditional crops. However, these efforts have not been properly effective, particularly as a result of the reliable market for tobacco compared to other crops. As a result, tobacco remains the main cash crop for most Malawian farmers, despite falling prices.

To address the problems of declining prices of tobacco on the auction floors, Government has introduced a number of market arrangement schemes such as the Intermediate Tobacco Buying Scheme (IBS). The IBS has been reorganised into a new scheme called the Designated Tobacco Buying Scheme (DTBS) which has some control measures on problems experienced on the previous scheme, the IBS.

Other traditional export crops, such as tea, coffee and sugar, which are produced largely on estates, will continue to be major foreign exchange earners and employment generators for the foreseeable future. As such, Government and the estate sector will continue to work together to ensure the competitiveness of Malawian produce and to maximise the impact on poverty reduction. For example, Government will encourage the estate sector to establish more smallholder out-grower schemes.

³⁷ The Special Crops Act prohibited smallholder farmers from growing high value cash crops such as tobacco,

Table 4.1.3: Final Smallholder Crop Estimates for Major Crops (Metric Tonnes)

| Crop | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Maize | 1,327,865 | 1,793,463 | 1,226,476 | 1,534,326 | 2,245,824 | 2,211,859 | 1,899,185 |
| Paddy Rice | 39,073 | 72,629 | 65,690 | 68,802 | 92,859 | 67,084 | 89,120 |
| Groundnuts | 30,664 | 40,327 | 68,718 | 97,228 | 124,604 | 116,363 | 147,624 |
| Tobacco | 35,438 | 68,978 | 83,567 | 94,063 | 84,555 | 98,614 | 85,715 |
| Cotton | 25,207 | 82,591 | 45,122 | 36,336 | 50,589 | 34,907 | 39,584 |
| Sorghum | 20,090 | 54,710 | 39,514 | 41,401 | 41,401 | 36,799 | 37,278 |
| Millet | 13,259 | 20,262 | 16,424 | 19,638 | 20,224 | 19,508 | 19,926 |
| Pulses | 99,772 | 183,093 | 179,226 | 208,859 | 233,811 | 248,243 | 306,560 |
| Cassava | 328,424 | 534,549 | 713,566 | 829,821 | 895,420 | 2,757,186 | 3,153,988 |
| Sweet Potatoes | 317,705 | 569,469 | 858,129 | 1,432,383 | 1,680,313 | 1,634,268 | 2,478,355 |

Source: Government of Malawi (2001): *Agricultural Statistical Bulletin 2001*, Ministry of Agriculture and Irrigation

Government, in collaboration with the private sector, will take action to diversify and encourage the establishment of viable production units of selected key export crops which will have a direct market link with industry to facilitate agro-processing for more value adding. Key crops, apart from tobacco, such as cotton, cassava and soya beans have been selected on the basis of their high productivity by smallholder farmers and that the crops could easily be processed into a number of products. These crops also have high export marketing prospects. It is envisaged that crop specific associations of these crops will be formed in areas with high comparative production advantage. Government will then provide start-up material (such as seeds) to these groups.

6. Encourage Production of Livestock

Past government efforts have had minimal impact in increasing production of livestock because emphasis was placed on disease prevention services with less emphasis on production-oriented programmes. In addition, the private sector was not encouraged to produce livestock. Further, insecurity in rural areas has provided a major disincentive to the keeping of livestock. As a result, there has been very little increase, and in some cases decline, in livestock population, as shown in Table 4.1.4 below.

Table 4.1.4: Trends in Livestock Population 1994-2000

| Population | | | | | | | |
|------------|---------|---------|------------|------------|------------|------------|------------|
| Species | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Cattle | 748,891 | 748,830 | 780,069 | 589,175 | 611,040 | 750,000 | 775,333 |
| Pigs | 252,112 | 340,129 | 312,925 | 420,772 | - | 425,000 | 451,051 |
| Sheep | 91,915 | 86,827 | 93,018 | 97,916 | - | 117,000 | 119,466 |
| Goats | 850,313 | 843,362 | 947,028 | 1,566,514 | - | 1,460,500 | 1,620,103 |
| Poultry | - | - | 12,807,000 | 10,005,000 | 10,366,000 | 12,000,000 | 10,000,000 |

Source: Government of Malawi (2000): *Department of Animal Health and Industry (DAHI) 2000/01 Work Plan*, Ministry of Agriculture and Irrigation

In order to address these problems, efforts will be made to improve security in rural areas, including the establishment of anti-cattle theft units as described in Pillar 4. Government in conjunction with NGOs will strengthen its advisory services in production and marketing of livestock and its products, including training on feed formulation. To this end, the formation of livestock producing farmers' groups will be facilitated through training in group formation and management, and these groups will be encouraged to obtain credit and operate revolving funds.

Basic animal health services such as dipping tanks will be expanded, upgraded and supported. Surveillance and control of animal diseases will be revamped and strengthened. These will partly be sustained by cost sharing.

Table 4.1.5: Livestock Targets

| Indicator | Current Situation | Target 2005 |
|---|--------------------------|--------------------|
| Number of farmers reached by animal husbandry extension | - | 1,120,000 |
| Production of cattle | 775,333 | 868,373 |
| Production of pigs | 451,051 | 676,577 |
| Production of Sheep | 119,466 | 155,306 |
| Production of goats | 1,620,103 | 2,106,134 |

7. Reduce Land Shortage and Degradation.

Land constraints in Malawi arise mainly from low productivity of fragmented pieces of smallholder land, lack of security of tenure, high population density and an unorganised land market system. High population densities and lack of off farm employment opportunities have exacerbated the land scarcity problem in most parts of the country. Current land inheritance patterns encourage fragmentation of holdings and discourage long-term investments and improvements on land. Poor implementation of land policies and enforcement of the law has led to cultivation on slopes and river-banks, resulting in deforestation and serious soil erosion. There has been weak planning and coordination among sectors dealing with land. The absence of proactive policy interventions and limited capacity for dynamic monitoring of land administration may have directly contributed to current problems of poverty, food insecurity, and perceived inequalities in access to arable land.

The strategies for achieving this objective are the implementation of the Land Policy, including providing land to the landless; increasing productivity of small land holdings; promoting low cost conservation technologies, consolidating reproductive and gender issues into land management, and ensuring sustainable environmental and natural resource management. This will be achieved through redistributing 14,000 ha of land to 3,500 farming households, guaranteeing security of customary land tenure, conducting soil conservation and fertility campaigns; and training and promoting family planning to reduce pressure on land.

8. Promote and Expand Farm Mechanisation.

Agricultural mechanisation in Malawi is presently at low levels. The predominant source of power is human power and the hand hoe is the main implement. This limits the performance of critical operations like tilling, planting and weeding. Currently only about 13.5 percent of farmers in Malawi are using animal drawn implements, mostly in the central and northern regions. Motorised power is essentially limited to estate farms, which cover just 30 percent of the total cultivated land. Despite the low use of basic animal drawn implements, their demand and the demand for work oxen has been on the increase in the period from 1992 to 2000. However, it has been difficult to fully satisfy the demands because of reduced numbers of animals and increased costs of farm implements. Past government initiatives towards improving mechanisation such as the use of power tillers in the rice schemes, draught animal power utilisation, motorised maize shelling, and aerial spraying of cotton failed. The reasons

for the failure ranged from lack of spare parts, high cost, poor consultations with farmers, poor hiring arrangements, lack of accountability of funds collected from farmers, and inadequate care for animals.

These problems will be addressed by increasing access to draught animals and animal drawn implements by expanding training of work oxen and encouraging use of alternative sources of animal power such as donkeys. Further, farmers will be encouraged to use animal drawn implements through wide publicity and demonstration of the benefits of using such implements. Local artisans and suppliers will be supported and linked to industry.

Efforts will also be made to increase access to tractors for hire. Existing schemes have been unsuccessful because of small and fragmented land holding size. The new approach will involve provision of tractors for hire to groups of farmers in co-operatives with land consolidated for easy operation with tractors.

Table 4.1.6: Mechanisation Targets.

| Indicator | Current Situation | Target 2005 |
|---|--------------------------|--------------------|
| Number of animals trained | - | 60,000 |
| Number of artisans trained in production of animal drawn implements | - | 300 |
| Number of donkeys in use | | 865 |

9. Reduce Weaknesses in Institutional and Policy Framework.

Farmers are unable to participate in the formulation of agriculture programmes owing to a lack of co-ordination between farmers, the Ministry of Agriculture and Irrigation and other organisations in the agricultural sector. The respective roles of Government and private sector are not clearly stated or understood and in many cases lead to confusion and wastage of resources, due to the lack of a core functional analysis for the Ministry. Ineffective decision-making mechanisms have led to poor development and implementation of policies. Policies and legal frameworks in most cases exist to guide the activities of the Ministry but resources for implementation are diverted to non-core functions.

In order to address these problems, the Malawi Agriculture Sector Investment Programme (MASIP), under formulation, will provide a framework for partnerships between Government, donors, Non-Governmental Organisations (NGOs), and the private sector in development of the agriculture sector. In particular, this will involve strengthening co-ordination between farmers and other institutions within the agricultural sector, redefining and restructuring the Ministry around its core functions and in response to impending decentralisation, and instituting clear arrangements for implementation of non-core functions by the private sector, NGOs and farmer associations.

10. Reduce Gender Disparities, HIV/AIDS Infections and Effects in the Agricultural Sector.

In the past, agricultural services have not been equally provided to females and males. In most cases, services such as development of technologies and dissemination favoured men, leaving women, boys and girls at a disadvantage. Conversely, technology dissemination in food and

nutrition was targeted at women, leaving out men. This gender imbalance has resulted in inequity in uptake of knowledge and competence necessary for understanding and benefiting from agricultural technologies between and among different gender groups of the farming community. On the other hand, HIV/AIDS has adversely affects productivity and food security for Malawian farmers and yet it has not been adequately incorporated within agricultural programmes. In order to ensure quality participation, the sector will strive to design and implement activities that will generate, disseminate, avail and promote use of appropriate technologies that impact on basic and economic needs for the various gender groups.

The MPRS endeavours to achieve gender balance, prevention and mitigation of HIV/AIDS through the following strategies. Firstly, campaigns for mainstreaming gender and HIV/AIDS will be undertaken for both communities and the work place. This will involve conducting gender and HIV/AIDS awareness meetings, which will involve participation of the local community to expose them so that they support services on gender and HIV/AIDS. Secondly, diagnostic surveys will be undertaken to bring about deeper understanding of needs, issues and links of HIV/AIDS, gender and agriculture development in selected areas (model villages and sample areas). In this regard, there will be a situation analysis at work place and community level. Thirdly, policies and programmes will be developed to support the activities of HIV/AIDS and gender in the agriculture sector. Fourthly, technical backstopping to agriculture training institutions, communities and workplace on gender and HIV/AIDS interventions will be provided. There will be training for skills development in dealing with HIV/AIDS impacts, prevention and reducing gender disparities in agriculture development through short courses for officers, on the job training for field staff at ADDs, RDPs, research stations and EPAs, and mobile training for community mobilisers on gender and HIV/AIDS. Finally, specific mechanisms will be put in place to mainstream gender in all the other agriculture strategies mentioned above.

4.1.1.2 Encourage Sustainable Utilisation of Natural Resources

Malawi's abundant natural resources in the form of land, forestry, water and fish are currently dwindling and are rapidly being exploited unsustainably, primarily by the poor. At present, forestry and fisheries account for about 12 percent of GDP. About 21 percent of Malawi is forest reserves, national parks and wildlife reserves or conservation areas. However, the expansion of these sectors has been restricted by previous management policies, which put communities at the periphery and stressed natural resources conservation. Communities were prohibited from utilising and deriving tangible benefits from natural resources in forest and wildlife reserves. This situation resulted in conflicts between communities and Government and further violation of the laws by the communities. In addition, Government was managing the natural resources directly.

In forestry, for example, despite Government policing mechanisms, Malawi has experienced a rise in wanton cutting of trees for conversion to agricultural land, firewood and charcoal production, resulting in environmental degradation, soil erosion and river sedimentation. Forest cover is currently 28 percent and has declined at by 19 percent over the past 25 years, a loss of 2.0 ha million. Demand for wood currently outstrips production by 33 percent. At the

same time, existing forestry resources that could be used sustainably as a source of rural livelihoods have not been fully nor efficiently utilised.

Fish is the single most important source of protein in Malawi, contributing about 60-70 percent of national animal protein. However, due to over-exploitation, the total production has declined by 40 percent, to 40-45,000 tons per year, from a peak in production in the early 1990s. This has resulted in a concomitant reduction of 45 percent in the average per capita fish consumption rate. This decline in production is also explained by the use of primitive fishing methods, which restrict fishing to shallower areas. There is need to explore more advanced methods, especially for deep water fishing. Furthermore, the potential for fish farming (aquaculture) has not been exploited despite efforts by Government and some development partners.

Natural resource management activities will therefore be focussed on three key sub-sectors of forestry, fisheries and wildlife. For each of these sub-sectors, the aim will be to promote Community Based Natural Resources Management (CBNRM). In particular, the legal and institutional framework will be strengthened so that rural communities are organised and trained to empower them to effectively participate in decentralised environmental management and to sustainably benefit from natural resources. Communities will be encouraged to sustainably manage fishery, forestry and wildlife resources based on clear mechanisms of ownership and control. Secondly, efforts will be made to promote alternative livelihood strategies, for example by encouraging natural resources-based enterprises (including value-adding activities) for generation of more income in the rural areas. Finally, mass awareness of environmental management issues will be created. For example, communities will be given civic education on the importance of sustainable utilisation and conservation of natural resources to providing habitat for wildlife, reducing soil erosion, reducing global warming, increasing soil fertility and influencing weather.

These general strategies will be applied to each sub-sector as outlined below:

1. Increase Sustainable Utilisation of Fishery Resources

In fisheries, the empowerment of rural communities will focus on Beach Village Committees (BVCs). The key livelihood strategies will be to promote off-shore fishery, and local fish farming. Fisheries extension services will be strengthened and focussed on the promotion of technology to increase off-shore fishery, fisheries enhancement technology and fish farming in local communities. These efforts will be particularly targeted at women. Further, efforts will be made to promote the establishment of better markets and marketing practices for fish through training in handling, processing and packaging of fish products. Traders, fishing groups and the private sector will be encouraged to invest in appropriate physical infrastructure, such as refrigeration facilities. Awareness of environmental management issues will be achieved through improving fisheries curricula at extension training colleges, and translating existing fisheries research data into user-friendly information materials.

2. Encourage Sustainable Utilisation of Forestry Resources

In addition to devolution of forestry co-management to CBNRM groups, the private sector will be encouraged to add value to non-timber products and to manage plantations through

contracts and lease agreements. Management plans for potential plantations will be developed for use by the private sector. Forestry extension services to farmers, village committees and schools will be strengthened and a co-ordinated extension framework with other stakeholders developed. Further, mass tree planting campaigns will be conducted, focussing on the economic benefits of planting. Finally, the forestry curriculum at training colleges will be improved and existing research translated into user friendly material.

3. Encourage Sustainable Utilisation of Wildlife Resources

In addition to devolution of wildlife co-management around national parks and reserves to CBNRM groups, the strategy will also involve privatisation of wildlife through encouraging game farming and ranching. Efforts will be made to minimise contact between wildlife and animals, for example through fencing park boundaries and training hunters on control of dangerous animals.

Table 4.1.7: Natural Resources Targets.

| Indicator | Current Situation | Target 2005 |
|----------------------------------|--------------------------|--------------------|
| Fish farming production (tonnes) | 500 | 1,000 |
| BVCs trained and functional | - | 270 |
| Forest under private sector | | 50,000 |
| Parks under private sector | | 50,000 |

4.1.1.3 *Micro, Small and Medium-Scale Enterprises (MSMEs)*

Apart from small-holder agricultural production and natural resource utilisation, pro-poor growth will rely on Micro, Small and Medium Scale Enterprises (MSMEs). It is these MSMEs that have the potential to allow the poor to generate their own incomes. The Gemini Baseline Survey 2000 estimates that there are about 747,363 MSMEs, of which 83 percent are located in rural areas. In terms of sectoral distribution, 75 percent of the MSMEs conduct off-farm activities including manufacturing, commerce and trade and services. The remaining MSMEs are based on crop production (22 percent), with just 3 percent on other primary activities such as livestock production, fishing, forestry and mining.

About 91 percent of these firms fit into the micro category of 0-4 employees according to the national enterprise size classification. The primary production sector, especially fishing, mining crop and livestock production, tend to have more employees.

About 34 percent of all the MSMEs are owned by women, a proportion that is significantly lower than the average of 60-75 percent recorded in most other African countries. Women's MSME activities are concentrated in the off-farm sector, primarily in commerce (mostly vending farm produce) and in manufacturing (mostly processing foods and brewing beer). On the other hand, married couples and multiple owners of businesses tend to be concentrated in crop production and trade. These ownership patterns, also observed in other studies, are determined not only by economic factors but also by certain social and cultural relations, including gender.

The development of MSMEs has been hampered by a lack of business skills and technological expertise, lack of capital, and inadequate supportive infrastructure for efficient production and

marketing. The following strategies will be put in place to create an enabling environment for MSMEs development and operation, providing financial support for development of MSMEs and improving institutional coordination and support.

1. Provide Support for Development of MSMEs

Support to MSMEs will be provided through a number of channels. Firstly, Government will develop industrial sites for MSMEs with common user facilities in conjunction with the private sector. Secondly, efforts will be made to improve marketing, supply of raw materials, technology and productivity through the introduction of special assistance programmes, such as a subcontract exchange system, training in quality improvement, research and development grants and the creation of networks for joint supply of raw materials. There will also be a focus on exporting specific products where Malawi has a comparative advantage through the establishment of export villages, the organisation of international fairs and the provision of information to MSMEs on export procedures.

2. Improve Institutional Coordination and Support.

There are a number of activities that will be implemented under this objective. The structure and operations of MSMEs will be strengthened through the formation of gender responsive product specific associations and cooperatives. Entrepreneurship development will be included as one of the key subjects not only in training schools but also in secondary schools. This will involve preparing self-employment programmes for school leavers and linking them to support institutions; formalising the apprenticeship programmes; and linking TEVET and other business growth programmes. Finally, laws and regulations affecting the development of MSMEs will be reviewed and appropriate technology transferred through training programmes.

4.1.1.4 *Manufacturing and Agro-Processing*

Malawi's industrial growth will be greatly influenced by the success in raising agricultural output and incomes. The bulk of manufacturing activities are highly dependent on agriculture and natural resources as sources of raw materials and provider of foreign exchange for the importation of inputs and components. In addition, increased agricultural incomes will stimulate greater demand for manufactured goods. At present, the industrial sector is relatively small, with manufacturing activities concentrated in a few agro-processing activities as shown in Table 4.1.4. However, research³⁸ suggests that Malawi's current comparative advantage in these agro-processing industries will not last into the long-term unless deliberate efforts are made to increase efficiency and introduce up-to-date technologies.

³⁸ Government of Malawi (1995) *Malawi Industrial Sector Opportunity Study 1994*, Ministry of Commerce and Industry

Table 4.1.8: Structure of Manufacturing Sector, Sub-Sectoral Shares (Percent) in Manufacturing Value Added, 1994 – 2000

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| % of total manufactures | | | | | | | |
| Agro processing | 45.1 | 45.6 | 43.8 | 46.3 | 41.7 | 41.8 | 43.2 |
| Food | 13.8 | 14.4 | 13.9 | 14.4 | 11.2 | 11.8 | 12.3 |
| Beverages | 15.2 | 16.4 | 14.5 | 14.2 | 13.4 | 13.4 | 14.3 |
| Tea | 3.8 | 3.7 | 3.7 | 4 | 2.9 | 2.5 | 2.6 |
| Tobacco | 2.2 | 2.3 | 2.9 | 3.2 | 2.7 | 2.8 | 2.9 |
| Textiles, Nettings and Blankets | 4.2 | 2.5 | 2.3 | 2.3 | 2.7 | 2.1 | 2 |
| Clothing, Leather Goods and Footwear | 2.6 | 2.6 | 2.5 | 4.1 | 4.4 | 4.4 | 4.3 |
| Sawmill and Wood Products | 3.3 | 3.8 | 3.9 | 4.1 | 4.4 | 4.7 | 4.9 |
| Manufacturing | 52.1 | 52 | 53.2 | 50.4 | 55 | 54.3 | 52.9 |
| Packing Materials, Printing and Publishing | 10.9 | 12.1 | 12.2 | 14.1 | 14.8 | 15.7 | 13.7 |
| Chemicals and Fertilizers | 5.3 | 5.8 | 6 | 5.3 | 6.2 | 4.3 | 3.8 |
| Pharmaceuticals, Paints and Soaps | 13 | 14 | 13.4 | 14.1 | 13.6 | 13.8 | 14.2 |
| Plastic Products and Tyre Retreading | 5.2 | 3.8 | 4 | 3.6 | 3.5 | 2.4 | 2.4 |
| Non-metallic Mineral Products | 4.1 | 3.5 | 3 | 2.4 | 3.2 | 3.4 | 3.7 |
| Metal Products other than Machinery | 9.3 | 9.2 | 10 | 7 | 9.8 | 10.3 | 10.8 |
| Machinery and Motor Vehicle Assembly | 4.4 | 3.6 | 4.5 | 3.9 | 4 | 4.3 | 4.3 |
| All Other Manufactures | 2.8 | 2.5 | 3.1 | 3.3 | 3.3 | 3.9 | 3.9 |

Source: Government of Malawi (Various years): *Monthly Statistical Bulletin*, National Statistical Office

The major constraints in the manufacturing sector are limited linkages with MSMEs, use of obsolete technologies, inadequate standards and quality assurance and limited international marketing capabilities. In addition, most local firms cite the need for collaboration with foreign firms as a necessary condition for their growth and survival, because of their capacities, capital and access to markets³⁹. Further, utility interruptions, inadequate raw materials, and limited engineering and marketing skills constrain the development of the manufacturing sector. In order to facilitate the development of the manufacturing sector, efforts will be made to broaden the industrial base, develop new cluster-based industries, integrate MSMEs in industrial development and establish a credible institutional framework. Other constraints such as skills development and utility interruptions are dealt with elsewhere in the strategy.

1. Broaden the Industrial Base

MIPA will spearhead the identification of new sources of growth and promote them so as to strengthen and diversify the industrial base. Research, investment promotion, and training programmes will be focussed on the development of export-oriented, high value-added, high technology industries, with greater assistance and support from domestic research and development. These will ensure that labour intensive, capital intensive and technologically advanced industries have the capability to produce quality and competitive products that are integrated with the regional and international markets.

2. Develop New Cluster-Based Industries

Emphasis will be placed upon development of competitive industry clusters through integration of key industries, suppliers, supporting industries, critical supporting business services, requisite infrastructure and institutions. Value chains with significant backward and forward

³⁹ Malawi Investment Promotion Agency (MIPA)

linkages, domestic spin-offs and value added will be developed with more emphasis on domestic MSMEs. The following industry cluster groups are earmarked for active development, promotion and support: textiles and apparel; agro-based and food products (cassava, soya, fish and fish products, livestock and livestock products, floriculture, fruits and vegetables); resource-based industries (wood and wood products, gemstones, handicrafts); chemical products (pharmaceuticals, fine chemicals), engineering industries (automobile consumables and components) and consumer manufactures. Investment promotion will focus on these clusters, with an emphasis on increased collaboration with foreign firms.

3. Accelerate Regional Development

In order to accelerate regional development and reduce transport costs, Government will continue to promote spatial development initiatives. In particular, it will focus on Nacala and Mtwara development corridors, and the ZMM (Zambia, Malawi and Mozambique) growth triangle. For each initiative, the approach will be to identify the resources in the area, and then involve all stakeholders to plan and promote infrastructural investments.

4. Improve Product Standards and Quality

Standards and quality control systems will play an increasingly vital role in enhancing exports as more and more value-added products are produced. Manufacturers will be encouraged to institute in-house quality control measures in order to produce products that are consistent in quality and competitive in price. The public sector through the Malawi Bureau of Standards (MBS) will work with the private sector to strengthen quality and standards.

5. Integrate MSMEs in Industrial Development

As described in Section 4.1.1.3, measures will be taken to facilitate and maximise participation of MSMEs by strengthening their competitiveness through improved access to finance, markets, infrastructure, information, results of research and development and training. Government efforts shall focus on identification and review of the financial, fiscal, administrative and legal constraints inhibiting growth of the MSMEs.

6. Establish a Credible Institutional Framework

A credible institutional framework (Business Council) will be established to provide guidance on the implementation of the industrial strategy. The Business Council will facilitate a productive flow of information among the key actors, act as a forum to remove misunderstanding, and enhance mutual respect and forge relationships between the public and the private sectors.

4.1.1.5 *Tourism*

The tourism sector has potential for income and employment generation, particularly in rural areas. However, most tourism developments have been led by foreign investors with limited participation of local communities. Tourism is currently hampered by poor product development, lack of clear standards and guidelines, lack of innovation in marketing and inadequate supporting infrastructure.

In order to facilitate poverty reduction through tourism, the MPRS will promote development and investment in diverse tourism products, develop and adopt updated and professional

approaches to tourism and marketing, and establish an appropriate regulatory framework to improve the standards and quality of tourism product. These interventions will be implemented in partnership with the private sector on the basis of the Tourism Strategic Plan.

1. Promote Development and Investment in Diverse Tourism Products

New tourism products will be developed in their original and traditional settings. Government will work with the private sector to involve rural communities in tourism development, from construction of new facilities such as eco-tourism lodges to running and maintaining them, and through tourist villages, curio markets and cultural events. Training and basic infrastructure (such as tour guide training and construction of vending shelters) will be provided to communities. Investment promotion will be intensified by designating tourism growth areas and formulating investment and concession agreements. In partnership with the relevant authorities, the development of appropriate infrastructure will be planned.

2. Develop and Adopt an Updated Approach to Tourism Promotion and Marketing

The primary strategy will be the creation of a distinct and unique image of Malawi's natural heritage and cultural resources. Strengthening Malawi's identity as the "Warm Heart of Africa" will be an important component of tourism development. Further effort will be made to intensify marketing in both old and new markets at domestic, regional and international level, utilising developments in information and communication technology.

3. Regulate Tourism on the Basis of Defined Standards

Standards, classification guidelines and licensing will form key components in ensuring highest possible standards of accommodation, catering establishments, incoming tourism agencies, travel agencies, destination management companies and other tourism service providers. There will be need to set physical standards and regulations for various elements of the tourism product, set processing guidelines for new development and reclassify and license existing establishments according to standards.

4.1.1.6 *Small-Scale Mining*

The mining sector offers the opportunity for creation of rural income and employment generation. The sector employs nearly 3,000 people and there is scope to increase the employment level to 10,000 by 2004, while informal employment is expected to double within the same period⁴⁰. Whilst Malawi is endowed with a variety of mineral resources, such as bauxite, coal and uranium, the MPRS will focus on small-scale mining involving quarry stone, lime, gemstones, pottery-ceramics, gemstones, salt aggregate, limestone, sand and clay (pottery and brick moulding).

The key objectives in promoting small-scale mining are to disseminate information on mineral availability, identify mineral resources suitable for small scale mining, encourage the development of small-scale mineral based industries, provide technical and financial support, ensure appropriate mining legislation, improve understanding of value adding methods and promote marketing.

⁴⁰ Government of Malawi (2000): *Economic Report*, National Economic Council

1. Disseminate Information

In order to have proper dissemination of information relating to availability of minerals, exploration-status, mining and setting up of mineral based industries, a focal point will be created in the Department of Mines to undertake a number of activities. Firstly, the Department will oversee the preparation and updating of an inventory of minerals available and produced in the country, including district-wise tenement maps. Secondly, the introduction of a quarterly publication of the 'Malawi Mineral Bulletin', including studies in the field about mining methods, reduction and utilisation of mining waste and development of mining machinery and equipment for use in small mines. Thirdly, brochures will be prepared for target minerals like granite, ceramic minerals, decorative and dimensional stones to facilitate setting up of mineral based industry.

2. Provide Technical and Financial support

Technical support on both mineral extraction and value-adding will be provided by the Department of Mines and Geological Survey through district-based training programmes. Credit institutions will be encouraged to extend credit facilities to small-scale miners (see Credit and Microfinance section in Pillar 1).

3. Identify Mineral Resources Suitable for Small-Scale Mining

Although a variety of mineral deposits and resources suitable for small-scale mining are known to occur in the country, very little detailed information on quality and quantity of the minerals is available. The Geological Survey Department will identify and evaluate more mineral resources, which can be mined and processed by small-scale miners. In order to assist the small-scale miners the Geological Survey Department will focus its exploration and evaluation on minerals that can be developed or utilised locally. Where possible, preliminary and prefeasibility studies will be jointly conducted by the two departments. Minerals such as gemstones, kaolintic clays, gypsum, phosphate, alluvial gold and graphite can easily be developed by this category of miners.

4. Encourage the Development of Mineral Based Small-Scale Industries

To accelerate the deliberate development of mineral based small-scale industries, there is an urgent need to strengthen existing research centres, which will develop simple technologies in the manufacturing of finished mineral based products. The Geological Survey Department will extend its research activities in the application and utilisation of indigenous mineral raw materials. The existing laboratories in the Department of Mines and Geological Survey need to be upgraded. The research centres will thus provide training and extension services to small-scale entrepreneurs in mining, mineral processing and manufacturing of finished mineral based products.

5. Ensure Appropriate Mining Legislation

Emphasis will be placed on smoothening prevailing office procedures for greater convenience, avoidance of delays and reduced time lag in grant and renewal of mining leases and streamlining the system to ensure greater objectivity, transparency and proper application of the law.

6. Promote Value-Addition, Marketing and Exports

Small-scale miners will need assistance to improve the quality standards acceptable to foreign markets. This will in part be achieved through the formation of miners' clubs and associations. In addition, suitable incentives will be developed to increase exports. The following measures will be taken to promote export of minerals: Fairs and exhibitions will be organised locally, periodically, so that the type of minerals and decorative stones available in the country may have the desired publicity; visits to national and international trade fairs, exhibitions and seminars will be organised for both potential exporters; and standard equipment will be used to improve and maintain quality standards suiting the requirements of foreign buyers.

4.1.2 Creating an Enabling Environment for Growth

Apart from the specific sectoral sources of pro-poor growth identified above, it is clear from the consultation process and from international and historical performance that in order to generate growth, the private sector must operate in an enabling environment. This environment will enable the private sector (whether small scale or large scale, domestic or international) to identify and exploit investment opportunities in any sector of the economy, without major Government generated obstacles.

The key factors that will contribute to an environment conducive for pro-poor growth are macroeconomic stability, access to credit, and improved rural infrastructure. Efforts will also be made to improve other infrastructure, strengthen trade and review taxation policy. Further, issues of human capital development covered in Pillar 2, issues of governance (security, rule of law, corruption, and parastatal reform) covered in Pillar 4, and issues of macroeconomic management discussed in Chapter 5 are important components of an enabling environment.

4.1.2.1 Macroeconomic Stability

Macro-economic stability is a precondition for economic growth. Strategies to ensure macro-economic stability, which include improved fiscal discipline and tight monetary policy, are described in Chapter 5.

4.1.2.2 Credit and Micro-Finance

Micro-finance plays a critical role in poverty reduction by increasing access to credit by the productive poor. Programmes and schemes run by the Government through Development of Malawian Entrepreneurs Trust (DEMAT), Small Enterprise Development Organisation of Malawi (SEDOM) and NGOs have been seen to have positive impact on the lives of the recipients in terms of increased food consumption, increased savings, increased self-employment, access to other basic necessities and business expansion. However, these can only be targeted at the productive poor who are able to make sufficient return on their investments. The unproductive poor who cannot generate surpluses will only become indebted and therefore worse off, and are better served with safety net interventions, as outlined in Pillar 3.

Limited access to affordable credit has emerged as one of the important factors affecting production by poor households. The problem of access is in three main forms, namely, geographical coverage, costs or affordability of the credit available, and the insufficiency of

loanable funds, particularly as they relate to micro-finance institutions. Where credit is available, access, particularly by women, has been hindered by prohibitive collateral requirements, although women have demonstrated high repayment rates. From the financial institutions' point of view, the high rates of default, particularly in agriculture or rural-based enterprises, have significantly reduced the willingness of financial institutions to lend to farmers and small business. As a result of these constraints, farmers have not been able to buy inputs such as fertilisers, seeds and other chemicals, leading to lower yields and inability to help themselves.

High default rates are commonly attributed to a poor credit culture in Malawi. This is caused by a number of underlying factors. Firstly, lending methodologies directly affect repayment behaviour – there are some institutions that have maintained repayment rates of over 95 percent due to well-designed methodologies. Secondly, schemes with conflicting objectives or political motives tend to create confusion as to whether the programmes offer loans or grants. Thirdly, credit programmes targeting the unproductive poor are likely to have low repayment rates and will force the poor into debt. Finally, agricultural loans are subject to additional risks due to weather and international market factors.

Access to credit by rural communities has also been hindered by collateral requirements and high cost of borrowing due to high interest rates. Finally, the micro-finance sub-sector has in the past been segmented and poorly coordinated. While a micro-finance network has been established to create and promote common rules and standards for the sector, there is need for additional efforts from practitioners, government and donors to increase the coordination of the sector and establish a regulatory framework.

Government's goal in micro-finance is to promote the development of a sustainable micro-finance industry, which provides credit, savings opportunities and other financial services to the poor thereby creating wealth and employment. This necessitates strategies to address the broader financial sector, which support micro-finance.

1. Reduce the Cost of Credit.

Government will strive to restore macro-economic stability through the observance of strict fiscal discipline and tight monetary policy to bring down inflation and interest rates, as discussed in Chapter 5.

2. Strengthen the Institutional Framework

The regulatory authorities (such as the RBM) together with the micro-finance institutions (MFIs) will establish an appropriate framework to regulate and supervise the activities of MFIs. This will ensure that activities carried out by Government institutions, NGOs, banks, financial institutions, commercial companies and the donor community are co-ordinated and have a common agenda of sustainable poverty reduction. Specific actions include the development of legislation describing the regulatory framework including the self-regulatory mechanism and the thresholds for full supervision by the regulatory authorities.

Further, Government in collaboration with the micro-finance network will carry out an impact assessment study to evaluate the impact on the lives of poor clients. The micro-finance

network will develop a code of conduct to promote performance standards in the industry with an aim to maximise the poverty impact through increased outreach in terms of client and portfolio and cost effective operations. Government will assist the micro-finance network to establish an operational secretariat and encourage their micro-finance partners to join the network.

3. Reduce High Default Rates

To address the problems of high default rates among the low-income credit clientele, tougher and more efficient legal sanctions will be introduced to ensure that borrowers make an effort to repay their debts. The creation of a credit reference bureau will be facilitated. Recovery of bad debts by the lending institutions also requires enforcement legislation to be strengthened so that the legal process of dealing with defaulters is speeded. In addition, Government will promote the formation of farmers clubs and co-operatives to reduce problems of identity and collateral.

Finally, in order to overcome the high risks associated with lending to rural communities, Government will encourage the use of other forms of collateral such as land and life policies. Where these may not be available, an appropriate credit guarantee scheme or insurance fund will be established.

4. Expand Competition and Efficiency in the Credit Market

Government will strive, at the appropriate time, to commercialise and privatise all Government controlled micro-finance institutions to enhance efficiency and competition. This strategy will reduce political interference, which is contributing to misallocation of resources and high default rates.

In addition, in order to expand coverage and innovative lending by institutions, there is need to further encourage competition in the system. Specifically, interlocking ownership linkages among the two dominant commercial banks will be eliminated through full privatisation of the two banks and by encouraging new entrants into the system.

5. Diversify and Expand Coverage

Government will increase its efforts to mobilise donor support to provide financial resources to act as seed capital to strengthen and expand the geographical coverage of most MFIs. In collaboration with the micro-finance industry, Government will design and provide incentives for the development and expansion of MFIs operating in rural areas. Domestic resource mobilisation by formal institutions such as the Malawi Savings Bank (MSB), commercial banks and other financial institutions will be encouraged and linked to MFIs so that they can be channelled to the poor. Finally, as outlined under agriculture, village banks and SACCOs will be promoted and capitalised.

4.1.2.3 *Rural Infrastructure*

Improving rural infrastructure is an essential requirement for the commercialisation, modernisation and growth of agriculture and MSMEs. Better market incentives will be irrelevant if the physical barriers to and economic costs of doing business in rural areas are too high. Hence, there is need to provide good rural roads (including bridges), water and sanitation, energy, and telecommunications.

Investment in rural roads has direct impact on linking the rural areas, urban and peri-urban areas. Improved access to rural areas reduces transport costs and leads to the creation of marketing networks to enhance value adding. Rural feeder roads also have social benefits through better access to social services such as health centres by facilitating mobility. Further, improved rural infrastructure will alleviate gender disparities, as women bear the burden of transporting heavy loads and travelling long distances to access social services. The rural population will benefit directly from the construction of the rural roads through employment generation under the Public Works Programme (see Pillar 3).

The provision of and equitable access to potable water supplies and reasonable sanitation facilities are central to poverty reduction as they have a direct impact on health status and therefore productivity. The need to improved access to safe drinking water was also amongst the top priorities during the MPRS district consultations. The MDHS 2000⁴¹ shows that only 65.6 percent of households have access to potable water supplies. However, only about 60 percent of existing boreholes are currently functional.

Further to this, there is a limit to the extent to which the nation's groundwater resources can effectively be exploited through construction of boreholes without irreversible damage to the environment. Thus, borehole construction will be complemented by an expanded programme of construction and rehabilitation of rural gravity-fed piped water schemes.

Increased access to safe water must be complemented by sanitation measures. At present, only 81.4 percent of households have reasonable access to a latrine. Finally, in order to sustain the borehole and piped water system construction, it is important for the sector to equally continue to put in place mechanisms for the conservation and management of the nation's water resources

Stable energy supply is essential to materialise the growth of the sectors identified above in the section on sources of pro-poor growth. The demand for power and other forms of energy will increase as the growth sectors increase their economic activities and electrification proceeds. Electricity is also an essential input to improved social services and mass-communication through television. Providing households with alternative energy other than wood fuel is essential for reducing poverty and environmental degradation. Renewable energy technologies such as solar and wind power will be an area of focus.

Malawi's internal telecommunications coverage is low at around four lines per thousand persons and is concentrated in urban and semi-urban areas. Telecommunications can benefit rural firms and people by giving them direct access to customers and linking them to information about markets, suppliers, technology, and government regulations. Such networks can also make it less expensive and more efficient for firms to locate in rural places, and can enable small towns to import services like healthcare through telemedicine technology and education through distance learning facilities.

⁴¹ Government of Malawi (2000) *Malawi Demographic and Health Survey 2000*

1. Improve Rural Transport Infrastructure

Government and other stakeholders will improve feeder roads to increase accessibility and productive potential of rural areas. Government through the National Road Authority (NRA) has formulated a five year programme in the road sub-sector based on: improving the accessibility of the road network, reducing transport costs, increasing network coverage particularly in the rural areas, and improving road safety.

Firstly, priority sections of the rural feeder road network will be restored from a state of severe deterioration to a fair condition through rehabilitation. Government will further ensure that a sustainable road grading and maintenance programme is in place to preserve the rural feeder road network infrastructure as a capital based asset in which government has already made substantial investment. Government will also improve accessibility to remote areas through the construction of new feeder roads. Finally, Government will decentralise responsibilities for planning and management of urban and district road maintenance and construction to local assemblies.

Table 4.1.9: Rural Feeder Roads Targets

| Indicator | Current Situation | Target 2005 |
|--|--------------------------|--------------------|
| Kilometres graded | | 12,150 |
| Kilometres rehabilitated | | 2,100 |
| Metres of other infrastructure (bridges, waterways etc.) | | 24,000 |

2. Increase Accessibility to Good Drinking Water and Sanitation

The strategies under this objective are to construct and rehabilitate water facilities, extend water supply capacity, promote community based management and improve water resources conservation and management.

Government will combine an expanded borehole rehabilitation and construction programme with effective borehole maintenance strategies. This will be achieved through capacity building among rural communities to own, operate and maintain their facilities. In addition extension workers will be trained in borehole maintenance and will subsequently be used to assist rural communities as technical experts. This borehole programme will be complemented by an expanded programme of construction and rehabilitation of rural gravity-fed piped water schemes.

Secondly, capacity to meet the growing demands from industry and domestic users will be expanded. This will involve the extension and rehabilitation of the existing infrastructure, water loss reduction measures, enhancement of cost recovery measures and strengthening of the viability of the water supplies. Further, reforms to improve the operational autonomy and commercial viability of the nation's water boards will be pursued more vigorously.

The conservation and management of water resources will include the construction and rehabilitation of small community multi-purpose earth dams and instruction of catchment management authorities. In addition, institutional capacity will be strengthened to improve the collection and quantification of hydrological data vital for the determination of viable water resources.

Finally, measures will be taken to reduce the incidence of waterborne diseases. This will include the introduction of VIP latrines and other appropriate rural water sanitation technologies.

Table 4.1.10: Water and Sanitation Targets

| Indicator | Current Situation | Target 2005 |
|--|-------------------|---------------------------|
| Households with access to potable water | 65.6% | 84% |
| Rehabilitation of boreholes (% functional) | 60% | 100% (rehabilitate 2,000) |
| Construction of new boreholes | | 7,500 |
| Rehabilitation of rural piped water supply schemes | | 15 |
| Households with sanitary excreta disposal | 81.4% | 100% |

3. Increase Access to Affordable and Sustainable Rural Energy

The objective is to increase access to modern and commercial energy, and to ensure economic efficiency in supplying and utilising energy at affordable prices. The first strategy is to increase rural and peri-urban electrification from the present 4 percent national average. This will involve rehabilitation and extension of national grid distribution lines, and the creation of mini-grids powered by mini-hydro, diesel or photovoltaic power generation.

The second strategy is to reduce pressure on wood fuel. The rate of utilisation of fuel wood greatly exceeds the rate of its natural growth in Malawi. Rural households will be encouraged to use more energy efficient charcoal and wood stoves. There will be need to encourage, develop, produce and market reliable, economically accessible and appropriately priced alternative energy supplies (such as biogas). Low-income urban families will be assisted with appropriate credit and interventions for purchasing stoves and appliances that use these fuels.

Thirdly, the MPRS will expand electricity supply options and to provide incentives for the development of fuel retail outlets in rural areas.

Table 4.1.11: Rural Energy Targets

| Indicator | Current Situation | Target 2005 |
|--|-------------------|--------------|
| Number of new sites electrified | - | 73 |
| New biogas plants | - | 105 |
| Dissemination of charcoal and wood stove technology coverage | 2 districts | 27 districts |

4. Improve Rural Telecommunications

The first strategy is to finalise the rural telecommunications policy in order to encourage the private sector to provide telecommunications services in rural areas, for example through rural cellular based telephone bureaux. In order to complement this, network providers will be encouraged to expand their networks to serve these private sector providers.

4.1.2.4 *Other Enabling Infrastructure*

The key component in the enabling environment for the private sector is the quality and availability of investment infrastructure. The provision of reliable economic infrastructure is crucial for private sector development. Regular power supply, availability of water and sanitation services, good transportation and good port facilities, efficient telecommunications and infrastructure are necessary to complement public and private initiative in production and commerce. Major investments will be required to clear the backlog of maintenance and rehabilitation, and undertake new investments to match the excess demand for infrastructure needed to support productive sectors.

Many of these investments will not be financed by or through Government, as they are not immediate priorities for poverty reduction. However, given their importance to private sector development and therefore to long term poverty reduction, Government will actively seek private sector and international investors to finance these investment projects. Where necessary, this will involve using innovative financing arrangements (such as Build-Operate-Transfer). This issue is discussed further in Section 5.4 and in Annex 3.

The enabling infrastructure falls into five categories: transport, energy, telecommunications, broadcasting and postal services. The sources of growth identified above cannot deliver without energy. As the economy grows, industry expands, coverage is increased and urbanisation continues, demand for energy will rise significantly. In order to meet this demand, there is need to increase supply capacity, including diversification to other renewable sources within the context of the Energy Policy.

The telecommunications sector was liberalised following the enactment of the Communications Act in 1998, which has led to an increase in the number of operators as well as the separation of postal services from telecommunications. Malawi Telecommunications Limited (MTL) was incorporated in May 2000 and is now undergoing privatisation. Government has also liberalised services such as cellular networks, e-mail and internet, leading to a proliferation of providers of these services. However, these developments have not yet achieved the desired goal of facilitating growth and diversification as MTL is still a monopoly and does not meet demand.

Radio and television play an important role in poverty reduction through mass information, education, mobilisation and entertainment whilst creating awareness of political and socio-economic issues. However, at present, this role is difficult to fulfil due to inadequate equipment and poor resource mobilisation.

The ability to communicate is important to private sector development as well as community development and empowerment. The current postal system in Malawi is inadequate with poor service delivery, due to mismanagement and inadequate cost recovery.

1. Strengthen Transport Networks

Government will complement its efforts as regards rural feeder roads with efforts to rehabilitate and maintain the core road network. The expansion of the core road network and

investment in other transport sub-sectors (such as railways and airports) will be financed through private sector and international investors using innovative financing arrangements.

2. Increase Access, Efficiency and Reliability of Modern Energy Supply

The main focus is in the sub-sectors of electricity, liquid fuels and renewable energy. The objective is to increase access to reliable and equitable electricity services and to ensure economic efficiency in the supply chain of liquid fuels and their end utilisation at affordable prices. The strategies will be implemented in the context of the new Energy Policy.

Given that growth and diversification rely on power, it is evident that Electricity Supply Corporation of Malawi Limited (ESCOM) should implement strategies, financed by the private sector and international investors, which will lead to reduction of electricity losses, and improve its operation through the setting of tariffs at economic levels and separating into semi-autonomous operational units. Reforms in this sector will continue to include strategies aimed at increasing the number of players through provisions in the Electricity Act. The other strategies will include the interconnection with neighbouring countries and utilising coal and petroleum products and other sources of energy in electricity generation. These strategies will aim at satisfying the energy requirements for the medium-term and beyond, in a scenario of stable economic growth and diversification.

3. Expand Telecommunications Coverage

MTL in partnership with the private sector and international investors will continue to expand its coverage, aiming at increasing the number of working telephone lines to not less than 150,000 by 2004 and reach two lines for every one hundred people as soon as possible after that date. In addition, Government will continue liberalisation of the sector by opening up the provision of telecommunications to the private sector. This will help to raise the quality of service and reduce charges.

4. Improve Quality of and Access to Broadcasting

Efforts will be made to improve the quality of radio broadcasting by restructuring the Malawi Broadcasting Corporation (MBC), replacing obsolete transmission equipment with modern equipment, and computerising radio studios, financed by advertising and other revenue together with private sector and international investors. In order to provide televised information to the population, Television Malawi (TVM) will migrate from analogue to digital formats, install more low power transmitters to ensure maximum television reach in the country, improve the transmission network, establish community-viewing centres, improve studio infrastructure and open regional centres to ensure regional coverage of news issues. As with MBC, the investment costs will be covered by increased advertising and other revenue together with private sector and international investment. Further, adequately trained personnel will be required to ensure professional packaging of information to the viewer. Finally, efforts will be made to ensure that programmes broadcast focus on poverty and development.

5. Improve Postal Services

Access to postal services will be improved by increasing the number of post offices, including renting existing infrastructure. Efforts will be made to ensure sustainability of postal services

and the financial independence of the Malawi Postal Corporation (MPC), by increasing charges to cost recovery levels, and introducing innovative methods of service delivery, such as contracting out mail delivery services and mutual arrangements with other public institutions that frequently visit rural areas.

4.1.2.5 *Domestic and External Trade*

Both domestic and external trade continue to play a major role in the growth and development of the economy. Trade has facilitated the development of both economic and social sectors, particularly agriculture, manufacturing and tourism. There are a number of constraints to growth of domestic and international trade and these include lack of access to credit, lack of appropriate skills, weak linkage to markets, inadequate quality assurance and standards, and poor packaging.

The objectives to address the development and promotion of domestic and international trade include the provision of supportive infrastructure, expansion of domestic market share, expansion of export market share and negotiation of preferential arrangements.

1. Provide Supportive Infrastructure

Physical infrastructure will be improved through the measures outlined in sections 4.1.2.3 and 4.1.2.4 and the support to MSMEs and agro-processing discussed in sections 4.1.1.3 and 4.1.1.4. In general, the private sector will be encouraged to play a greater role in infrastructural development, through innovative financing arrangements. In addition, trade administrative infrastructure will be established, including the creation of sustainable export credit refinancing.

2. Expand Domestic Market Share

Local manufacturers and producers will be encouraged to increase their share of the domestic market. This will also help in the expansion of the domestic market for Malawian products and reduce the current preference for imported goods. The main emphasis will be placed on instilling a sense of loyalty and national pride among domestic consumers to purchase local goods. Other measures will include giving recognition to manufacturing companies that will have achieved high standards and quality in the production of goods.

Specific measures will be instituted to enforce more transparent preferential treatment of local entrepreneurs. Other measures will include the encouragement of bulk purchases, joint advertisements and promotions, joint ventures and buy-outs. Formal and informal networking among the traders will be supported through collation and sharing of market information and consumer behaviour. Private sector trade associations are expected to play a more effective role than in the past.

Steps will be taken to protect consumers by enforcing the competition law, ensuring that consumers are protected from unethical and unfair trade practices, misleading advertisements, unsatisfactory services and other unethical marketing practices.

3. Expand Export Market Share

The promotion and development of exports will be further strengthened. Malawi Export Promotion Council will re-orient its activities to be business like to ensure full co-ordination and consolidation of export promotional activities. Trade promotion centres will be established whilst rationalising existing trade representations.

4. Negotiate Preferential Arrangements

Government will ensure compatibility of trade agreements and ensure reciprocity in the implementation of regional and bilateral arrangements. The multiplicity of trade agreements offers a challenge in terms of compatibility and implementation. Continuous efforts will be made to expand the market shares within the existing as well as new market and non-traditional markets. Regional trade and cross-border investment will be expanded through SADC, COMESA and bilateral agreements.

Government will also focus on maintaining and strengthening preferential non-reciprocal agreements with developed countries such as the Lome Convention and the Generalised System of Preferences, the EU's Everything But Arms (EBA) initiative and the US Africa Growth and Opportunity Act (AGOA). Government recognises that least developing countries, including Malawi, can make use of the special clauses of the Uruguay Round providing differential and more favourable treatment and implement and benefit from the commitments undertaken. Meanwhile, Government will continue to negotiate with its HIPC and LDC partners for preferential agreements and the removal of barriers and subsidies in developed countries.

4.1.2.6 *Taxation*

Government has undertaken a number of tax reforms during the past decade. However, there remains a need to develop a coherent longer-term taxation framework which balances revenue generation with the need to support the private sector. At present, the taxation system applies high rates of taxation to a narrow base of the medium and large scale formal private sector. In addition, exemption criteria are not transparent and there are often delays in processing applications for exemptions and refunds. Further, the Malawi Revenue Authority still faces problems in enforcing compliance.

A fundamental change is needed in the approach to planning public finances. At present, the tendency is to decide on public spending first and then identify the sources of funding. The new approach should move towards deciding the level of taxation and expenditure consistent with the level of taxation and tax burden.

1. Define and Enforce Transparent Tax Exemption Criteria

Government will, in consultation with the private sector and other development partners, define transparent tax exemption criteria in order to ensure a "level playing field", reduce the potential for corruption, and reduce administrative delays. These criteria will focus on encouraging investment and development activities consistent with the MPRS. Tax relief and incentives will be rationalised and retained in highly selective circumstances for fixed period where it can be shown that they are most likely to achieve increases in employment and investment.

2. Review Corporate Tax

The corporate taxation system and rates will be reviewed in consultation with the private sector. Particular attention will be paid to removing distortionary and duplicative taxes and rationalising the system to ensure simplicity and compliance. Effort will be taken to ensure an appropriate balance between the need to generate domestic public resources for implementing MPRS activities through the Budget, and the need to ensure adequate domestic resources for employment and investment.

3. Widen the Tax Base

A further widening of the tax base will be pursued in order to facilitate the lowering of tax burden on the enterprise sector. In particular, surtax will be extended and the Malawi Revenue Authority (MRA) will increase its collection and enforcement activities.

4.2 Human Capital Development

Human capital is key to poverty reduction in Malawi. A healthy and educated nation leads to increased productivity, better income distribution and a generally improved standard of living. A deteriorating health situation undermines the ability of individuals to lift themselves out of poverty and leads to a general decline in productivity. Similarly, an uneducated population does not understand and appreciate the need and means for achieving higher incomes, reducing infant mortality and population growth as well as improving nutrition and health. Functionally, the major economic sectors of agriculture and industry demand an educated, skilled and healthy workforce to take on the new challenges and aspirations of the sectors. At the same time, with appropriate human capital, the public and private sectors, civil society and poor people themselves will be able to positively influence and impact on processes and outcomes of the entire poverty reduction strategy.

Statistics show that there is much room for improvement on human capital in Malawi. The national illiteracy rate stands at 42 percent⁴² due to problems of access to and quality of education. There is also lack of skills development due to inappropriate education curricula at all levels and low access and intake into technical, entrepreneurial and vocational training institutions. In terms of health, life expectancy at birth has reduced from 43 years⁴³ in 1996 to 39 years in 2000 mainly due to the HIV/AIDS epidemic. Malnutrition is also high among children resulting into about half of all the children being stunted and 30 percent underweight.

In order to address these problems, this pillar has four goals, ensuring the development of human capital through implementation of education, technical, vocational and entrepreneurial education and training (TEVET), health, and nutrition programmes.

4.2.1 Education

Education yields broad social and economic benefits. Not only is education positively associated with agricultural productivity, higher incomes, lower fertility rates and improved

⁴² Government of Malawi (2000) *Malawi Demographic and Health Survey*, National Statistical Office

⁴³ Ibid.

nutrition and health, it is also a prerequisite for attaining these outcomes. Hence, education is the centrepiece for the poverty reduction strategy. In particular, basic education will be accorded highest priority in the MPRS. It is recognised, however, that this is not a sufficient condition for an individual to escape poverty. Sustainable national development also requires the development of secondary, higher and pre-school education.

Poverty reduction through education in Malawi is faced with a number of challenges as some indicators testify. On a positive note, the introduction of Free Primary Education (FPE) in 1994 led to an increase in enrolment from 1.9 million (1993/94) to 2.9 million children (1994/5). This led to an increase in the gross enrolment rate to 132 and the net enrolment rate of 78⁴⁴ by 1999. However, the challenges in primary education include dealing with the large numbers of over-aged pupils resulting in high repetition rates.⁴⁵ Moreover, this increase in the quantity of primary education has been offset by a decline in quality and a high drop-out rate. For example, there is a serious shortage of teaching and learning materials such as textbooks; the pupil to qualified teacher ratio is high at 118 and the pupil to classroom ratio is high at 95. The national target for the latter two ratios is 60.

Partly as a result of the above problems of quality, retention of children in school is low, especially among poorer households and females. At present, it is estimated that only 30 percent of children who start primary school complete Standard 8⁴⁶. There have also been significant problems of access to basic education for children with special needs, as the necessary enabling environment and infrastructure has been inadequate.

At the secondary level, access is still very limited, with a gross enrolment ratio of 18 percent. Access is also highly unequal, particularly affecting children from low-income families and girls. The latter account for only around 37 percent of gross enrolment. The quality of secondary education is also inadequate and unequal, as demonstrated by poor examination results and the disparities between Conventional Secondary Schools (CSSs) and Community Day Secondary Schools (CDSSs). This is in part caused by the crowding out of quality inputs (such as qualified teachers and teaching and learning materials) by expenditures on boarding and administration⁴⁷.

Access to higher education in Malawi remains low, with fewer than 4000 places available. Females occupy less than 30 percent of the places. Enrolment is limited by inadequate school places, boarding facilities and financial resources. As a result, capacity in terms of physical infrastructure and human resources is frequently under-utilised. Furthermore, the limited financial resources received are used inefficiently by the University of Malawi, which spends more than half of its resources on boarding and administration⁴⁸, yet student to staff ratios remain very high. In addition, the quality of higher education has been undermined by poor

⁴⁴ For definition of GER and NER, see Glossary

⁴⁵ See Chapter 2 on Poverty Profile

⁴⁶ Government of Malawi (2000): *Public Expenditure Review 2000*, Ministry of Finance and Economic Planning
pg. 7

⁴⁷ *ibid.* pg. 8

⁴⁸ *ibid.* pg. 100

linkages to industry in the curriculum and frequent closures of colleges due to the high burden on Government resources.

In light of the positive link between education and poverty reduction, there is a clear need to increase access to and improve the quality of education *at all levels*. To achieve this, there are five main objectives applicable at each level: (1) improve quality and relevance of education; (2) increase access and equity in education, focusing on girls, orphans and children with special needs; (3) strengthen management, planning and finance; (4) respond to HIV/AIDS pandemic; (5) strengthen co-ordination across all players in the education sector, both public and private.

4.2.1.1 *Basic Education*

In the context of basic education, the objectives are as follows:

1. Improve the Quality and Relevance of Primary Education

Improving the quality and relevance of primary education involves four main strategies: teacher recruitment, training and incentives, development of relevant curriculum, teaching and learning materials and supervision and inspection.

In terms of teacher recruitment, training and incentives, Government will improve Teacher Training College facilities to enable the recruitment and training of more primary teachers. In addition, existing unqualified teachers will be provided with initial training and qualified teachers' skills will be upgraded using in-service training (INSET). Moreover, the Department of Teacher Education and Development will be upgraded and further strengthened, and due attention will be given to issues of teacher management and deployment. Finally, Government will revise teachers' remuneration packages, to ensure retention of teachers, particularly in rural areas.

In order to improve the quality and relevance of education, the teacher and basic education curricula will be revised so that they meet the needs of pupils, potential employers and the nation. Students should be offered a curriculum that will equip them with knowledge of life skills, such as technical, entrepreneurial, and agricultural skills. Maintaining quality will also depend on government ensuring that all pupils have access to an adequate supply of instruction materials. This will require a change in management and planning such that the distribution of education materials will be decentralised to a zone based system.

Finally, Government will promote a well-coordinated and more effective supervision and inspection service. The teacher to Primary Education Adviser (PEA) ratio will be decreased and the number of advisory visits per term will be increased. Schools will have to meet both instruction and physical infrastructure standards. School committees will be trained in community based management. The monitoring of school health and sanitation provision will be strengthened, with measures taken to construct adequate boreholes and latrines.

Table 4.2.1: Basic Education Quality Targets

| Indicator | Current Situation (1999) | Target 2005 |
|----------------------------------|--------------------------|-------------|
| Number of teachers | 45,784 | 51,323 |
| Teacher Trainees (cumulative) | | 12,000 |
| Pupil to qualified teacher ratio | 118 | 85 |
| Teacher to PEA ratio | 145 | 81 |
| Drop out rate | 12% | 8% |
| Repetition rate | 15% | 10% |

2. Improve Access and Equity at the Primary Level, Focusing on Special Needs Education and Girls.

Basic education for the disadvantaged: the poor, girls, orphans, children with special needs and learning difficulties, has much room for improvement in Malawi. The current enrolment level of children with special needs is only 5 percent. Special needs education suffers from inadequate learning centres, non user-friendly infrastructure, lack of learning materials and inadequate specialist teachers. In terms of infrastructure, there are currently 15 resource centres for the visually impaired and only 4 centres for the hearing impaired at primary level.

The strategies to improve access, quality and relevance of basic education for children with special needs will involve the establishment of adequate learning centres with adequate accommodation. The recruitment and training of specialist teachers, the development of relevant curricula for teacher training, the procurement of learning materials and equipment and the introduction of a bursary scheme for these students will be priority areas in the short-medium term. Students with mild disabilities will be integrated into conventional schools.

In addition to promotion of special needs education, equitable access will also require social mobilization campaigns which target orphans, those affected by HIV/AIDS, girls and out of school youths. Finally, Government will expand physical access to education by increasing the usage of school blocks through double shifting, increasing the number of school blocks and ensuring adequate rehabilitation and maintenance of existing blocks.

Table 4.2.2: Primary Education Access Targets

| Indicator | Current Situation (1999) | Target 2005 |
|---|--------------------------|-------------|
| Number of new classrooms (cumulative) | | 2,250 |
| Number of classrooms rehabilitated | - | 4,500 |
| Female enrolment (total) | 1.4 million | 1.5 million |
| Female enrolment (%) | 48% | 50% |
| Pupil: specialist teacher ratio (Visually impaired) | 48 | 26 |
| Pupil: specialist teacher ratio (Hearing impaired) | 13 | 7 |
| Pupil: specialist teacher ratio (Learning difficulties) | 18 | 5 |

3. Increase and Improve Functional Adult Literacy and Numeracy.

To achieve increased and improved adult literacy will require close co-operation between Government (Ministries of Education, Science and Technology and Gender, Youth and Community Services) and NGOs. Government will revise the adult literacy policy and curriculum, train 12,000 literacy instructors (including primary school teachers) and print and

distribute adequate adult literacy teaching and learning materials. Efforts will also be made to open up more Rural Instruction Centres (RICs) in existing facilities for adult literacy.

Table 4.2.3: Adult Literacy Education Targets

| Indicator | Current Situation (1999) | Target 2005 |
|---------------------------|--------------------------|-------------|
| Number of adults enrolled | 37,500 | 300,000 |
| Number of instructors | 2,000 | 12,000 |

4. Provide Special Education for the Out of School Youth

The objective will be achieved through the development of multi-purpose youth centres, equipped with appropriate learning materials to impart vocational and technical skills. There will also be a strengthening of out of school youth clubs, lead by trained youth patrons, where it is envisaged that youths will gather to exchange ideas.

Table 4.2.4: Out-Of-School Youth Education Targets

| Indicator | Current Situation (1999) | Target 2005 |
|-------------------------|--------------------------|-------------|
| Number of youth patrons | 1,300 | 2,985 |
| Number of youth centres | 10 | 81 |

5. Expand Pre-School Education/Early Childhood Development (ECD)

It is important that an adequate supply of motivated new care givers are provided and trained, including training of existing ECD teachers. There will then be a need to identify ECD centres and to construct new ones, where appropriate. Efforts will also be made to provide adequate learning materials and communities will be encouraged to contribute locally made materials.

Table 4.2.5: Pre-School Education/ECD Targets

| Indicator | Current Situation (1999) | Target 2005 |
|------------------------|--------------------------|-------------|
| Number of ECD teachers | 620 | 1,500 |
| Number of ECD centres | 0 | 70 |

6. Respond Urgently to Problems Created by the HIV/AIDS Epidemic

The HIV/AIDS pandemic has adversely affected the education sector. The toll through loss of teachers and the related burden of welfare costs erodes the resources provided for the sector. So far there has been no coordinated and consolidated effort to fight the disease but a strategic plan is in the process of being developed.

In order to deal with HIV/AIDS in the education sector, Government will implement a sector-specific strategic plan on HIV/AIDS, involving prevention and mitigation among teachers and pupils. In addition, HIV/AIDS education will be imparted to the youth through the media and youth clubs.

7. Decentralise Administrative and Planning Responsibilities

Decentralisation will be the major driving force in strengthening efficiency and accountability of resources and results. Basic education will be made accountable to local level authorities with development and operational responsibilities transferred from central government to the districts. Self-regulation mechanisms through school committees at grass roots level will be introduced. In addition, teacher training and institutions will be decentralised by making them independent cost centres and by reducing central controls. Further strategies include the

strengthening of monitoring and evaluation systems so that data collection and analysis is carried out in order to make informed decisions, through the establishment of a District Education Management Information System (DEMIS).

4.2.1.2 *Secondary School Education*

Whilst basic education is the minimum necessary for an individual to escape poverty, secondary education is also necessary for equipping students with the skills required for private and public sector employment. Moreover, secondary education is expected to enhance entrepreneurial skill, business management, agricultural expertise and life skills capabilities which are important for self-employment and life improvement. In addition, secondary education encourages further studying, as an input to the acquisition of the range of essential skills.

The objectives of secondary education will be as follows:

1. Increase Access and Equity to Secondary Schools

There are two aspects to access and equity issues in secondary education: firstly, increasing access to secondary education for girls, children from poor families and children with special needs and secondly, increasing the total number of secondary school places to absorb the increasing number of primary school graduates.

In order to increase access for girls, children from poor families and those with special needs, the secondary school bursary scheme (SSBS) will be expanded. In addition, more secondary school places will be created, and school blocks will be made user-friendly for students with special needs.

In terms of general access, Government will introduce double shifting to improve efficient utilisation of existing infrastructure, provide distance learning and build new school blocks. Measures to support the development of the private schools sector will be taken, to ensure capacity for the targeted private sector enrolment.

2. Improve Quality and Relevance of Secondary Education

This objective involves eight key strategies: (i) upgrading facilities and equipment; (ii) reforming the curriculum to include life skills, entrepreneurial skills, and agriculture development needs, (iii) teacher recruitment, (iv) training and remuneration, (v) increasing teaching and learning materials, (vi) enhancing supervision and support services, (vii) upgrading under-qualified teachers through distance methods, and (viii) redesigning the Secondary Teacher Education Programme and consolidating programmes at provider institutions.

The upgrading of facilities and equipment will focus on bringing Community Day Secondary Schools (CDSSs), to which the poor have more access, up to the standards of Conventional Secondary Schools (CSSs). In addition, Government will ensure that there are adequate resources for the maintenance and rehabilitation of existing infrastructure, much of which is in a state of disrepair. Initially, only minimum standards will be enforced.

In order to improve the relevance of education, the teacher and secondary education curricula will be revised so that they meet the needs of students, potential employers and the nation. Students should be offered a curriculum that will equip them with knowledge of life skills, such as technical, entrepreneurial, and agricultural skills. The curricula will be reviewed every ten years to ensure it is up-to-date. There will be periodic reviews of the examination system to improve efficiency and effectiveness. Assessment approaches must provide measures of what an individual's achievement levels are in terms of competencies and skills. Measures must be comprehensible to the general public. Measures will be taken to ensure parallel improvements in textbook and learning support.

Quality secondary school education also depends on the recruitment, training and retention of teachers. This will involve instituting an updated, relevant and rigorous programme of teacher education in all higher education institutions, both public and private. Non-residential training will also be introduced and subject specialisation encouraged. Various refresher courses will be undertaken for teachers. These actions, in combination with a revision of remuneration packages, will create an environment conducive to teacher retention.

Finally, Government will ensure an adequate supply of teaching and learning materials. This will involve the strengthening of textbook revolving funds and the introduction of cost sharing, in conjunction with the bursaries mentioned above.

Table 4.2.6: Secondary School Targets

| Indicator | Current Situation (1999) | Target 2004/5 |
|---|---------------------------------|----------------------|
| Number of students | 236,500 | 324,031 |
| Number of private students | 16,555 | 64,806 |
| Number of students entering MCDE | - | 11,550 |
| Number of teachers | 5,269 | 8,130 |
| Female gross enrolment | 19% | 25% |
| Schools teaching information and communication technology | 8 | 100 |

3. Improve Management and Administration of Secondary Education

Efforts will be made to improve the efficiency and effectiveness of secondary education by decentralising responsibilities, strengthening managerial capacity at district and school level, and rationalising the use of resources. This rationalisation will involve phasing out or introducing cost recovery for non-core services, such as boarding, and ensuring that human and financial resources are allocated according to needs. This, in turn, will require ensuring the Education Management Information System (EMIS) covers the secondary system.

4.2.1.3 *Higher Education*

The MPRS will transform the higher education system to respond to new realities and opportunities within the context of poverty reduction. The sector will increase the participation rate for both men and women to meet the demand for highly trained graduates in different fields taking into account labour market and poverty reduction needs. The sector will strive to advance high-level capacity through the expansion of post-graduate training to support scientific and technological improvement and social development.

The main focus of the MPRS will be on improving efficiency and quality education measured by increased access of females, males and disadvantaged students in higher education, reduced unit costs, production of highly qualified graduates and less dependency on subvention through cost recovery and decentralization. The sector will also focus on increasing motivation of teaching and research staff.

1. Increase Access and Equity in Higher Education

The first strategy is to ensure full capacity utilisation of facilities including the introduction of double shifting and distance learning. The University Education Act will be reviewed to accommodate private sector initiatives.

In order to increase equity, about 30 percent of intake will be reserved for girls and this proportion will be increased to 50 percent by the year 2012. In the context of increasing user fees discussed below, scholarship schemes will be introduced for girls and needy students and loan schemes will be strengthened for other students.

2. Improve Quality and Relevance of Higher Education

Higher education institutions will introduce programmes in non-traditional subjects such as science and technology, gender, food security, human rights, biodiversity and HIV/AIDS, among others. This will involve the establishment of adequate research centres that would be addressing emergent development issues, providing grants to graduate students so that they participate in teaching undergraduate courses and as research assistants.

The second strategy is to increase the motivation of teaching and research staff, by reviewing salary packages and encouraging privately funded research. The private sector will also be encouraged to participate in the definition of subjects, curricula and research and to give visiting lectures and classes so as to improve the relevance of higher education.

3. Reduce Reliance of Higher Education on Subventions

Reducing the reliance of higher education on Government subventions involves two types of interventions: firstly, reducing costs of provision of higher education and secondly, generating alternative sources of resources. In order to reduce costs, non-core services such as catering and boarding will be commercialised and contracted out. Further, administrative staffing levels will be reduced and administration decentralised to constituent colleges of the University of Malawi. As a result, the role of the central University of Malawi Office will be reviewed so that staffing and costs are substantially reduced.

In order to generate alternative resources, the University will introduce cost recovery for non-core services, such as boarding, and will increase cost sharing for tuition, both in the context of strengthened scholarship and loan schemes. Institutions will create business development units to generate resources by charging for the use of existing facilities and for collaborative programmes outside school sessions.

Table 4.2.7: Higher Education Targets

| Indicator | Current Situation (1999) | Target 2005 |
|--|---------------------------------|--------------------|
| Number of students | 3,526 | 6,824 |
| Students in private colleges | 35 | 1,100 |
| Number of distant learners | 0 | 558 |
| Number of female students | 698 | 2,047 |
| Number of needy students | 500 | 1,706 |
| Females in non-traditional subjects | 225 | 801 |
| Number of students with disabilities | 20 | 30 |
| Number of students in information technology | 821 | 1,500 |

4.2.2 Technical, Entrepreneurial Vocational Education and Training

According to the labour market survey of 1998, about 300,000 people leave the formal education system every year. However, only 30,000 enter formal employment annually, leaving a balance of 270,000 people who enter the labour market annually and seek some other source of income other than formal wage employment. These figures suggest that technical, entrepreneurial vocational education and training (TEVET) needs to cut across all levels of education for people to become active players in poverty reduction. This will require development of relevant competence based curricula at primary, secondary and post-secondary levels as well as the development and acquisition of appropriate teaching and learning materials and equipment. In addition, qualified teachers will be necessary to impart the vocational and technical skills.

The existing TEVET system has failed to satisfactorily meet the potential demand for a number of reasons. In terms of providing places, the current annual capacity within the public technical colleges is 1,441 and capacity within private provider institutions is 18,000. These capacities are not adequate to cater for prospective entrants into the TEVET system. The focus on formal, full-time residential training, particularly in public technical colleges, has undermined the possibilities of achieving better coverage and outreach, and at the same time, has taken attention away from the potential offered by more flexible, demand-driven training, such as that provided by the Malawi Entrepreneurship Development Institute (MEDI). Demand for places has also been limited by a number of factors. Firstly, lack of basic education, high illiteracy and lack of knowledge, exposure and information pertaining to the provision of vocational training. Secondly, cultural factors have led to lack of exposure to the prospective subsistence and career opportunities. Thirdly, lack of access to funds catering for tuition fees, boarding fees, transport and utilities. Finally, limited recognition of vocational skills has led to poor investment in human resources and infrastructure.

It is therefore envisaged that the MPRS will address some of these problems. To achieve this, the following strategies will be implemented:

1. Promote Self Employment through Skills Development Initiatives

The MPRS will empower the poor in the informal sector through establishment of skills development initiatives in the rural areas. Government will expand and increase outreach and

coverage of TEVET programmes through mobile village polytechnics⁴⁹ in all districts. This will involve establishing and running polytechnics, mounting and running mobile training units, and linking decentralised units to designated resource colleges in catchment areas.

Further, skills development will involve implementing on the job training programs in specific occupations for the youth in collaboration with MASAF and other stakeholders, conducting demand-driven specialised skills training programmes, and training of trainers for entrepreneurship development in the informal sector.

Youth specific skills development will be achieved through developing multipurpose youth centres and providing resource and educational information, training youth patrons and leaders and providing actual vocational training.

2. Improve Quality and Relevance of TEVET

The relevance and quality of TEVET will be improved by reviewing, developing and implementing competency-based curricula. This will involve revising all existing curricula in primary and secondary schools and within the TEVET sector, developing new curricula within all occupations (including HIV/AIDS prevention messages and the use of appropriate technologies), and training teachers in using new curricula.

The quality of TEVET will also rely on the development of appropriate and sufficient human capacity by establishing a flexible and cost effective technical teacher training system.

3. Rehabilitate Existing Infrastructure and Equipment

The MPRS will ensure sustainability and quality standards by promoting maintenance and effective operation of equipment in education institutions and other training colleges. Strategies include taking stock of existing equipment and assessing needs within public technical colleges, training staff from public colleges and private providers in preventive and corrective maintenance, and rehabilitating classrooms, workshops and existing public colleges.

4. Strengthen Management and Financing of TEVET

Government will strengthen the partnership between the public and private sector, and take measures to improve compliance with the TEVET Levy.

Table 4.2.8: Vocational Training Targets

| Indicator | Current Situation (1999) | Target 2005 |
|--|---------------------------------|--------------------|
| Public training capacity % of population | 0.01% | 0.03% |
| Public vocational training % of districts | 21.43% | 28% |
| Private training capacity % of population | 0.18% | 0.20% |
| Private vocational training of districts | 75% | 78% |
| Enrolment ratio female | 20% | 26% |
| Enrolment ratio male | 80% | 74% |
| HIV infection rate students | 15% | 13.5% |
| HIV infection rate teachers | 15% | 14.2% |
| Boarding Capacity (% of training capacity) | 22.7% | 20.5% |

⁴⁹ Village polytechnics involve setting up simple structures at EPA level to train people in specialised skills they require in that area

4.2.3 Health and Population

The health of an individual is directly related to economic and social well-being. An improved health situation will strengthen the ability of individuals to lift themselves out of poverty and will lead to a general increase in productivity. However, as described in Chapter 2 and Table 4.2.8, health indicators in Malawi have remained poor despite a relative increase in resource allocation towards the sector over the past ten years.

Health interventions (both preventative and curative) take place at four levels: community, primary, secondary and tertiary. Preventative interventions are focussed on nutrition, sanitation and public information campaigns, for example on the use of mosquito nets. Preventative interventions relieve pressure on other levels of healthcare and are less costly to the poor. Community level healthcare is delivered through Health Surveillance Assistants (HSAs), some of whom manage Drug-Revolving Funds and Bakili Muluzi Health Initiatives in conjunction with Village Health Committees (VHCs). Primary healthcare is delivered through health centres and clinics, and is aimed at improving maternal and child health and the promotion of early treatment of common disease conditions. Secondary healthcare, delivered through the district hospitals, is aimed at treating more specialised conditions. Finally, tertiary healthcare, delivered through central hospitals, provides referral services for highly specialised conditions.

Table 4.2.9: Comparative Health Indicators

| | Public Health Expenditure per capita (US\$) | Infant Mortality rate (per 1000 live births) 1999 | Under-five mortality rate (per 1000 live births) 1999 | Maternal mortality rate (per 100000 live births) 1999 | Life expectancy at birth 1999 |
|--------------------|---|---|---|---|-------------------------------|
| Kenya | 79 | 76 | 118 | 590 | 52.2 |
| Malawi | 36 | 132 | 211 | 620 | 40.7 |
| Zambia | 52 | 112 | 202 | 650 | 40.5 |
| Zimbabwe | - | 60 | 90 | 400 | 42.9 |
| South Africa | 623 | 54 | 69 | - | 56.7 |
| Uganda | 65 | 83 | 131 | 510 | 41.9 |
| Mozambique | 28 | 127 | 203 | 1100 | 40.6 |
| Sub-Saharan Africa | - | 107 | 172 | - | 48.8 |
| OECD | - | 13 | 15 | - | 76.4 |

Source: UNDP (2001): *Human Development Report 2001*, UNDP p.159-169

An overview of the health sector shows that the health system has been centralised with many of centrally designed and vertically managed projects, resulting in substantial duplication of effort, poor co-ordination and high administration costs. In addition, there has been inadequate support to and coordination with private sector providers, such as the Christian Health Association of Malawi (CHAM) and certain NGOs.

A major problem leading to Malawi's poor health indicators is a lack of qualified and adequately compensated medical staff, in terms of doctors, nurses and related personnel. This problem is particularly acute in rural areas, and has been exacerbated by the HIV/AIDS pandemic and internal and external "brain drain" due to low remuneration and poor career prospects. This results in extremely high population per physician ratios, estimated at

45,737⁵⁰. Furthermore, access to drugs is a problem, again particularly in rural areas. This is caused by a combination of low (but increasing) allocations to drugs, and distribution problems, including pilferage and inefficient allocation.

There is also an acute shortage of clinical and technical support services in most hospitals and health centres. These include laboratory services, pharmacy services, radiology, ambulance services, district and regional-level blood bank, orthopaedics and physiotherapy. This is due to low investment in these facilities particularly in district hospitals. Technical support services play a crucial role in empowering persons with disabilities to undertake activities for daily living.

Referral bypass currently poses major challenges to the health sector. This is both a cause and a consequence of poor health facilities and services at primary level, particularly in rural areas. People seeking medical services avoid clinics, due to the poor quality of infrastructure and the shortage of medical workers, drugs and medical supplies. As a result, it is estimated that as many as 85 percent of central hospital admissions could be treated at lower-level facilities⁵¹. This concentration of cases at secondary and tertiary levels further draws resources away from primary facilities.

The primary healthcare system has suffered disproportionately from the general problems outlined above. In particular, it has suffered from a combination of high human resource demands in terms of Health Surveillance Assistants (HSAs), nurses and clinical officers, with low levels of financial resource allocations. In addition, physical access to health centres has remained poor, with only 3 percent of the population living in a village with a health centre. Existing health centres are in poor condition, and have an inadequate supply of drugs and medical supplies.

In addressing these problems, the overriding objective is the design and implementation of an Essential Healthcare Package (EHP). Essentially an EHP is a bundle of health services provided at community, primary and secondary levels, supported by the necessary administrative, logistics, and management systems. The EHP addresses the major causes of morbidity and mortality among the general population and focuses particularly on medical conditions and service gaps that disproportionately affect the rural poor. The EHP also addresses issues of family planning and population. In recognition that not all services can be provided to all people, an EHP can be seen as having a particular equity focus, through guaranteeing access to a minimum standard of health care for everyone. Thus the EHP is an explicit form of rationing, through identifying certain services as high priority. This is contrasted to the current implicit rationing of health services as witnessed through drug stock-outs, staff unavailability and long queues. The EHP development process provides an opportunity to revisit the distribution of funding in order to determine whether the relatively scarce resources might achieve greater impact through a shift in their allocation.

⁵⁰ World Bank (2001) "Malawi Public Expenditures: Issues and Options", pg.37

⁵¹ *ibid.* p. 37

Table 4.2.10: Conditions Addressed in the Malawian EHP

| Disease Condition | Selection Criteria | Services |
|--|---|--|
| Malaria | 1st cause of outpatient first attendance: 36.4% under-5; 28.8% 5 and over | IEC, including promotion of ITNs Vector control Diagnosis and treatment of simple malaria Referral |
| Acute respiratory infection and immunisable diseases | Upper respiratory infection 2nd cause of outpatient first attendance: 13.8% under-5; 11.5% 5 and over | BCG immunisation Polio, measles, DPT Diagnosis and treatment of ARI Referral |
| Acute diarrhoeal disease | Other diarrhoeal disease 3rd cause of outpatient first attendance: 8.8% under-5; 5.7% 5 and over | IEC Water and sanitation facilities at health centres Treatment of mild diarrhoea with ORS Case management of acute diarrhoea and cholera Referral |
| Nutritional conditions/deficiencies | 49% stunting among under 5s, half of whom are severely stunted; | Provision of Vitamin A Provision of iodine Anaemia Deworming |
| Maternal conditions/pregnancy complications | Maternal mortality estimated between 600 and 1100 per 100,000 live births | Antenatal care Clean and safe delivery Postnatal care (tetanus injections) Family planning Referrals IEC |
| Sexually transmitted diseases, including HIV/AIDS | | IEC Screening for syphilis, contact tracing, treatment VCT Treatment of opportunistic infections Condom promotion |
| Tuberculosis | Leading cause of inpatient mortality | IEC Screening, contact tracing, treatment Referral |
| Eye and ear infections | | |
| Injuries | | |
| Schistosomiasis | | Vector control Treatment (mass) |

Source: EHP Design Team

4.2.3.1 Preventative Healthcare

The key areas for preventative healthcare are nutrition, water and sanitation, and prevention of common diseases such as malaria. Issues of nutrition and water and sanitation are covered under separate sections in Pillar 2 and 1 respectively. Issues of common disease prevention are covered under the EHP, as shown in Table 4.2.9 above, and described under the section on the EHP below.

4.2.3.2 Essential Healthcare Package (EHP)

The EHP covers issues of community, primary and secondary healthcare. EHP strategies are grouped under three main objectives: improving quality and availability of essential healthcare inputs, improving access to and equity of essential healthcare, and strengthening administration and financing of essential healthcare services.

1. Improve Quality of Essential Healthcare

The first component of the EHP is to promote clinical human resource development. Human resources are an absolutely critical delivery input of the EHP implementation. This will involve ensuring that clinical teaching and training institutions are fully utilised and expanding

the training of various clinical cadres like HSAs, nurses, medical assistants, clinical officers, and technical support services (such as radiographers, orthopaedic technicians and pharmacists). Government will also review the remuneration and career structures for medical staff in order to address problems of attrition through “brain drain”.

The second component is to increase the availability of drugs and medical supplies. The drugs and medical supplies required in an EHP must be constantly present in health facilities, both in adequate quantities and of appropriate quality. To achieve the availability, there is need to ensure that: the procurement, logistics, management, distribution, and prescription of drugs is reviewed so that all drugs procured reach the intended patients and are prescribed properly. There is also need to reform the Central Medical Stores to function efficiently. These steps are essential complements to the phased increase of allocations to drugs and medical supplies.

The third strategy is to expand and promote clinical and technical support services. This will involve expanding and promoting clinical and technical services by ensuring that certain services are present in district hospitals and health centres. These include; laboratory services, pharmacy services, radiology, ambulance services and district or regional-level blood bank.

2. Improve Access to and Equity of Essential Healthcare

Government will ensure increased access to healthcare facilities by rehabilitating existing infrastructure and increasing mobile health services. In particular, delivering the EHP at health centre level will depend on the existence of well-maintained health centres with fully functioning support systems, piped or bore-hole water supply, solar, stand by generator or ESCOM power and radio and telephone communication systems.

3. Strengthen Management and Financing of Essential Healthcare Services.

The first strategy is to develop financial and managerial resources so as to strengthen planning, budgeting and transport management, particularly at a district level. This will involve training and retraining financial managers/accountants, administrators, senior nurses and matrons.

In order to improve the financing of essential healthcare, Government will develop and implement an integrated financing strategy for the EHP. Operational research will guide the decision as to whether the EHP will be free at the point of entry, or subject to user fees charges with an exemption mechanism for poor or targeted groups. Non-EHP services in government facilities will be financed through cost-recovery schemes (for example, mandatory user fee schemes) or health insurance coverage. The financing strategy is also likely to recommend voluntary user fees for core EHP services that have an additional comfort or practical element (such as private wards, better food, faster attention etc). This element will also be part of expanded health insurance coverage. This financing strategy will take full account of the fact that many Malawians can afford to contribute towards better health care: the National Health Accounts (2001) has shown that the richest 40 percent spent K822 million in 1999 to 2000 on health care.

The financing and management of essential healthcare services will also be strengthened through the development of a Sector Wide Approach (SWAp) in the health sector. The major role of the SWAp is to coordinate, strengthen and make more effective donor and government

financing of the EHP. This will largely leave private sources of finance to develop the rest of the (non-EHP) health sector. In its early stages the SWAp will detail a joint vision of the donor and government funded component of the health sector, and describe a joint programme of work and monitoring systems. In later stages, joint financial systems may be developed and utilized, including the co-mingling of funds.

Finally, the ongoing decentralisation of the health sector, within the context of the broader devolution to the local government through district assemblies, will create the setting in which the EHP is to be delivered. One common objective of decentralisation is to take the planning of health services closer to the people they are intended to serve. If local involvement is to be meaningful, there should be flexibility for district managers, in consultation with health staff and community members, to “weight” resource allocation to the various components of the EHP according to local needs (for example, less bilharzia or more malaria in specific districts).

Table 4.2.11: Selected Essential Healthcare Targets

| Indicator | Current Situation | Target 2005 |
|---|-------------------|-------------|
| Number of HSAs trained | | 7,000 |
| Number of nurses trained | | 470 |
| Number of technical staff trained | | 825 |
| Number of physicians trained | | 60 |
| % of health centres equipped to EHP standards | | 100% |
| Drugs and medical supplies expenditure per capita | US\$1.25 | US\$2.50 |

4.2.3.3 Tertiary Healthcare

In tertiary healthcare, the key challenges are to reduce referral bypass, to reduce crowding out of tertiary services by primary and secondary services. This will in large part rely on the improvements to primary and secondary healthcare at health centre and district hospital level outlined in the above section on the EHP. However, in addition, Government will strengthen the referral system and promote hospital autonomy.

1. Strengthen Referral System

In order to ensure only genuine cases are referred to central hospitals, a strengthened formal referral system will be introduced, with unsubsidised outpatient fees for self-referral cases and civic education on the role of central hospitals.

2. Introduce Hospital Autonomy

Government will autonomise central hospitals within 3 years. Once the hospitals attain full autonomy, they will be able to introduce cost recovery programmes, re-capitalise their facilities to compete with other providers for insurance of referral contracts. Further, the autonomised hospitals will be encouraged to contract out non-core services (such as catering, laundry and mortuary services) to the private sector and to improve the efficiency of resource allocations.

Table 4.2.12: Health Targets for 2007/8

| Indicator | Current Situation (1999) | Target 2007/8 |
|--|--------------------------|---------------|
| Infant mortality (per 1,000 live births) | 104 | 90 |
| Under 5 mortality rate (per 1,000 live births) | 189 | 150 |
| Maternal mortality rate (per 100,000) | 620 | 400 |
| Nutrition (% children underweight) | 30% | 20% |
| Population (fertility rate) | 6.1 | 5.5 |

4.2.4 Promotion of Good Nutrition

Malnutrition is both a cause and a consequence of poverty. Increased illness and mortality as well as reduced work productivity due to malnutrition have exacerbated poverty and continue to retard economic growth and development. Therefore good nutrition is a precondition for, and not merely a result of, human and economic development.

The immediate cause of malnutrition is inadequate dietary intake, which is caused by a combination of underlying factors including household food insecurity, poor child-feeding and care practices, and inadequate education and lack of knowledge. The situation is further worsened by frequent and persistence infections, especially malaria, diarrhoea, acute respiratory infections (ARI) and HIV/AIDS.

Statistics show that 49 percent of children are stunted (height for age); 25 percent are under weight and 6 percent are wasted. In addition, malnutrition has caused widespread mental retardation. For the past decade there has been no significant improvement in the nutritional status, as shown in table 4.2.13.

Table 4.2.13: Nutrition Indicators 1992 - 2000

| Year of Survey | Stunted growth rate % | % of underweight | % of wastage |
|----------------|-----------------------|------------------|--------------|
| 1992 MDHS | 44% | 27% | 7% |
| 1995 MSIS | 48% | 30% | 7% |
| 2000 MDHS | 49% | 25% | 6% |

If the situation remains unchanged, loss of life, reduced productivity and high rates of illness will continue. The goal is therefore, to prevent and control protein, energy and micronutrient deficiencies. This will be achieved through the following objectives:

1. Improve Infant and Young Child Feeding

Poor infant and young child feeding practices contribute greatly to malnutrition. For instance the majority of infants are not exclusively breast fed up to 6 months and they are later fed on low energy and nutrient-dense complimentary foods. In order to address these problems, the MPRS includes strategies to promote exclusive breastfeeding, complementary feeding and feeding during illness and convalescence through the Baby Friendly Health Initiative (BFHI).

2. Diversification and Modification of Diets

Dietary diversification is very poor in Malawi. The diet is monotonous, predominantly with *nsima* made from maize with vegetables. This lack of diversification is reinforced by inadequate awareness of nutrition issues among policy makers and the general public. There is need to change peoples' attitude towards making *nsima* from one type of cereal as it could be made from different starchy foods. It is also very important to diversify diets using other locally available foods.

This will be achieved through community awareness campaigns on nutrition, food and security and nutritional policy, together with campaigns on HIV/AIDS and nutrition. Further, Government will organise short courses for various workers in all districts on the prevention

and control of malnutrition, will train senior personnel on food and nutrition, and will review the curricula of extension agents, primary and secondary school teachers in order to incorporate nutrition issues.

3. Strengthen Institutional Capacity

Effective implementation of nutrition interventions requires well co-ordinated efforts from different stakeholders. Currently nutrition activities and research are uncoordinated and have resulted in little impact. In order to address this problem, Government will create a Food and Nutrition Council as a technical machinery to spearhead the implementation and coordination of nutrition activities and research. In particular, it will coordinate relevant research on food and nutrition, monitoring of fortified foods, evaluation of food nutrition programs and establishing sentinel nutrition surveillance system.

4.3 Improving the Quality of Life of the Most Vulnerable

The proposed broad-based growth in Pillar 1 and the inclusive human capital development in Pillar 2 will go a long way in reducing the numbers of the poor. However, it is recognised that there are still going to be some sections of the population that are not going to benefit and will need direct assistance for them to improve their living standards. The overall goal of the third pillar is, therefore, to ensure that the quality of life of the most vulnerable is improved and maintained at an acceptable level by providing moderate support to the transient poor and substantial transfers to the chronically poor.

The most vulnerable are broadly defined to include individuals or households affected by disasters; households headed by orphaned children, elderly and single-parents (especially female headed); persons with disabilities; under-five children, lactating and pregnant mothers; orphans in streets, orphanages, foster homes and extended family member households, the unemployed and underemployed in urban areas; the land constrained in rural areas; and technology-constrained small-scale farmers. It is noted, however, that this general categorisation does not mean that all people or households falling under these categories are the most vulnerable. The determining factor is their ability to meet their basic needs. Figure 4.4.1 below presents the safety nets programme on the basis of poverty characteristics.

Malawi has sought to improve the quality of life of the poor in the past in a number of ways. Firstly, Government sought to protect the poor by the use of market-based policies including price controls, price subsidies and minimum wages. Secondly, Government and other development partners, especially NGOs, have also used administered safety nets programmes like nutrition supplements, free food distribution, free input distribution, food or inputs for work and public works programmes to assist the vulnerable and the poor in general. Thirdly Government provided direct assistance and social welfare transfers through the Department of Social Welfare, the Malawi Council for the Handicapped (MACOHA) and the Department of Disaster Preparedness, Relief and Rehabilitation (DDPRR). Finally, the poor have traditionally relied on informal safety nets, such as the extended family.

However, these efforts have faced many problems. Most of the market-based policies were inefficient, fiscally unsustainable and mostly benefited the non-poor and missed the core poor. Consequently, all the market based protection policies, with the exception of minimum wages, were abolished under the economic reforms. The administered programmes were fragmented, uncoordinated and were poorly targeted, suffering from both inclusion and exclusion errors. Direct assistance and social welfare transfers have been small in size and limited in coverage, largely due to financial constraints. The informal safety nets, likewise, have become over stretched and vulnerable to shocks due to increased poverty and the HIV/AIDS scourge. Poverty-stricken extended families and communities are increasingly being put under unbearable pressure, as they take care of HIV-infected chronically sick and AIDS-related orphans.

Figure 4.4.1: Conceptual Framework for Safety Nets

| Characteristics | Target Group | Intervention | Type | Outcome |
|---|--|-----------------------|----------------------------------|-----------------------------------|
| Chronically ill ("core") poor. No Capacity to generate income ↑ ↓ Transient ("marginal") poor. Ability to move out of poverty | Chronically ill Elderly Persons with critical disabilities* | Welfare Transfers | Welfare Support ↑ | Livelihood Provision ↓ |
| | Malnourished under-5s Vulnerable pregnant/ lactating mothers | Targeted Nutrition | | |
| | Rural poor with labour Urban poor | Public Works | ↓ Productivity Enhancement | Livelihood Protection ↓ |
| | Rural poor with land | Targeted Inputs | | |

* The group "persons with critical disabilities" includes those persons with disabilities that are unable to create their own income.

In general, the poor with some resources like land and labour require productivity enhancing interventions like targeted inputs and public works as indicated in the bottom half of the figure. Meanwhile, the capacity or resource-constrained poor require welfare support in the form of interventions like targeted nutrition and welfare transfers, as indicated in the top half of the figure. The productivity enhancing interventions generally reduce poverty while the consumption support interventions alleviate poverty.

4.3.1 Safety Nets

The overall goal of this pillar is to ensure that the quality of life of the most vulnerable is improved and maintained at an acceptable level by providing social safety nets. These safety nets will consist of productivity enhancing interventions for the transient poor (those within the poorest 30 percent of the population who are capable of moving out of poverty) and substantial welfare transfers to the chronically poor (the poorest 5 to 10 percent of the population).

For each of these types of safety nets, there are common challenges. In particular, the programmes must be designed to ensure good targeting, distribution, co-ordination and management. These challenges are addressed below for each type of safety net:

4.3.1.1 *Productivity Enhancing Interventions*

As highlighted in Pillar 1, low incomes and inaccessibility of input credit have prevented small-holder farmers from increasing their productivity and therefore their incomes. Similarly, the IHS has shown that 81 percent of the poorest 10 percent of households have landholdings of less than 0.5 hectare and most of their cash income is generated from non-agricultural, mainly piecework (*ganyu*). There are therefore two types of productivity enhancing interventions: targeted distribution of inputs for the capital-constrained poor, and public works programmes for the land-constrained poor⁵².

The Targeted Input Programme (TIP) will therefore provide a pack containing open pollinated maize and legume seeds and two types of inorganic fertilizers for a period of three years to identified poor small-holder farmers. This pack is expected to be applied to 0.25 hectare of land. Each targeted household is expected to graduate after three years. The programme will target 340,000 beneficiaries.

Public Works Programmes (PWP) will play a major role in providing alternative sources of income and food for the poorest segments of the population apart from providing long-term benefits to communities through the created socio-economic infrastructure. In essence PWP give a chance to the participants to develop themselves, and be self reliant instead of depending on handouts; especially if the wage income is invested in income-generating activities.

Beneficiary and impact assessments have shown that most of these programmes had positive welfare effects. Some participants of the cash-for-work PWPs have managed to use the cash received under PWP to start up micro-businesses. It has also been established that half-day work schedule give time to labour-constrained households to work in their fields while participating in PWP. Major problems of PWPs are their short-term nature and timing mismatches. The average engagement is 60 days yet most of the core poor who are supposed to benefit from these remain vulnerable for at least half of the year. Secondly, these programmes are not available when they are needed; that is in the months of December to April.

1. Distribute Free Inputs to Capital Constrained Poor Farmers

Unlike the previous targeted inputs programmes, the packs will be distributed through major retail outlets. For areas not covered by the participating retail chains, non-governmental organizations will be asked to tender for the delivery of the packs. The selected NGOs and the retail chains will be responsible for the procurement and delivery of the packs. The selected beneficiaries will be issued with vouchers that will be exchanged with the packs at the participating retail shops.

⁵² The categories “land constrained” and “capital constrained” are not mutually exclusive. Certain households may qualify and benefit from both programmes.

The office of the Minister of State Responsible for Poverty Alleviation Programme (MSPAP) will have the overall coordination and management of the programme. Among other responsibilities, MSPAP will design the programme, manage the tendering, and reimburse retailers on the basis of vouchers exchanged at their outlets. District Assemblies are to assist in geographical and beneficiary selection. Communities are to be responsible for the selection of beneficiaries. The Ministry of Agriculture and Irrigation is to work with MSPAP in designing the programme as well as recommending the pack composition and mounting agricultural extension campaigns specific to the recommended pack.

The beneficiaries will be selected using a two-stage selection process. The first is geographical targeting, selecting areas on the basis of food insecurity and vulnerability. The second stage will involve selecting the beneficiary household, using community-based beneficiary selection committees. In designing the guidelines for the selection of beneficiaries, priority will be given to households taking care of orphans, the elderly, chronically sick and dependent persons with disabilities. Finally, public awareness campaigns will be conducted, involving the training of communities, supervisors and field staff, designing and mounting public awareness–building campaigns, and discussing with retailers and NGOs.

2. Implement Public Works Programmes for Land-Constrained and Urban Poor

The works to be undertaken include rehabilitation of earth roads, construction of small earth dams and other rainwater harvesting structures, storm water drainage channels, flood protection structures, afforestation and road maintenance. Some of these PWP will run all year round to provide a continuous source of livelihood for the beneficiaries. The rehabilitation of earth roads works will take advantage of existing designs and capacities of District Roads Improvement and Maintenance Programme (DRIMP). In some cases, small-scale contractors used will be encouraged to employ women as is the case under Community Roads Improvement Maintenance Programme (CRIMP).

The Public Works Programme will generate employment for as many as 250,000 participants⁵³. Targeting will be done in two stages. The first stage is geographic areas selection using Vulnerability Assessment and Mapping (VAM) verified by the District Assemblies using TA-level food production assessment. The second level is beneficiary selection, using wages as a self-selection mechanism combined with traditional leaders, project committees and rotational targeting. Public awareness campaigns will also be conducted at community level to encourage voluntary participation, especially amongst women.

Cash is the form of transfer for most of the PWPs. However, others adopt payments-in-kind (mostly maize) and vouchers to maximise food security. Food vouchers will give households freedom to choose when to get their rations since they allow beneficiaries to acquire the food when they need it.

⁵³ It should be noted, however, that the proposed PWP is not a guaranteed employment scheme because such a system would require a lot of resources (human and financial). Further, guaranteed employment scheme would require continuous availability of public works through the year and in all parts of the country where the poor are.

The public works will be carried out by small-scale contractors using labour employed from communities. The selection of the small-scale contractors will be done jointly by MSPAP, District Assemblies and the Community Development Committee. The Community Development Committee will be responsible for the selection of the beneficiaries and the communities are to be responsible for the election of the committee and selection of the public works. National coordination of PWPs will be managed by MSPAP, whilst District Assemblies will be responsible at district level. The role of sectoral ministries and departments will be to assist in the development of the common standards by providing technical specifications and assist in the supervision of the relevant works. All public works projects will be required to implement training and capacity building components to enable the District Assemblies to implement the sub-projects efficiently and effectively.

4.3.1.2 *Welfare Support Interventions*

There are two types of welfare transfers: targeted nutrition interventions for malnourished children and vulnerable pregnant and lactating mothers, and direct welfare transfers for the poor who cannot be supported by any of the other three programmes. These include groups like the chronically ill, the elderly and orphans. Persons with disabilities falling in the category of the poor will be considered alongside the other poor depending on their poverty status and capabilities. However, as a group, persons with disabilities will continue to work with institutions like MACOHA that are specifically set up to deal with their needs.

Malnutrition is a key cause of the high infant, child and maternal mortality rates depicted in Chapter 2. Further, nutrition status in a child's early years (from conception to five years) determines in part the child's future potential. This malnutrition is largely attributable to poverty and lack of appropriate diets for children and pregnant and lactating mothers. The provision of nutritious food to these vulnerable groups would assist reduce malnutrition and illnesses and deaths of infants, children and pregnant mothers.

As outlined in Figure 4.4.1, there is a group of people who are unable to fend for themselves and have to rely on others. This group will not be able to take advantage of the other three types of safety nets either because they are unable to work or have no resources. Further, some households and communities are affected by drought and floods, undermining their ability to provide for themselves. Finally, as a result of over-stretched informal safety nets, some individuals (especially orphans) are forced to move to urban centres to beg and live in unhealthy conditions.

1. Implement Targeted Nutrition Programmes for Malnourished Vulnerable Groups

The programme will provide nutrition packs⁵⁴ to moderately malnourished children and vulnerable pregnant and lactating women and administer therapeutic feeding in nutrition rehabilitation centres to severely malnourished children. Beneficiaries are expected to graduate after five months. In addition, the pilot phase will include the provision of training in basic

⁵⁴ Mothers will be given vouchers that can be exchanged for a pack containing a 10-kg bag of *Likuni Phala*, 10-kg bag of Mgaiwa (unrefined maize flour), 3-kg packet of legume seed, and a packet of vegetable seeds.

nutritional behaviour, cultivation of the contents of the pack better weaning practices, and cooking demonstrations.

The nutrition packs, just like inputs packs, will be stocked by retailers and exchanged with the vouchers. For remote areas where retail coverage is inadequate, the procurement and delivery will be tendered out to NGOs or commercial companies for delivery direct to health facilities. Households that qualify for this programme will automatically be assessed for inclusion in the other safety nets programmes.

The children will be selected on the basis of their age and weight. The mothers will be selected on the basis of clinical examination. Key factors in the examination include signs of malnutrition, anaemia, multiplicity of births (twins or triplets) and age (less than 15 years and older than 35 years). Apart from providing food transfers, the programme will also admit severely malnourished children for medical treatment and therapeutic feeding.

2. Provide Direct Welfare Transfers to the Core Poor and Disaster Affected Households.

The Targeted Welfare Transfer programme will involve the direct transfer of cash or a cash proxy (retail voucher). Since the programme has not been carried out extensively in Malawi, its implementation will be done on a pilot basis. The programme will be implemented alongside TIP, utilising the community based targeted approach and alongside the Targeted Nutrition Programme. The programme will also use specific support groups such as those for the elderly, orphaned and the chronically ill.

After beneficiaries are identified, cash transfers will be made through District Assemblies. In some cases, the programme will use value-based welfare retail vouchers (flexi-vouchers). To reduce security risk, the vouchers will be both beneficiary and date specific. The value of transfer will be determined by resource availability and factors such as household monthly food requirements and minimum wage levels⁵⁵.

One of the key institutions for this programme is the District Assemblies. However, implementation will be done by a number of stakeholders. The MSPAP will be responsible for the overall program design, coordination of the piloting, policy support, as well as monitoring and evaluation. District Assemblies are to take over the management of financial resources. In addition, the District Assemblies will assist in the beneficiary selection exercises, delivery of cash/vouchers as well as the redemption of vouchers. The Department of Disaster Preparedness and Rehabilitation will also be strengthened and linked accordingly with its stakeholders. The civil society and other specific support groups will be responsible for distribution of vouchers.

3. Improve Capacities of Support Groups

As already seen, the informal safety nets are under strain. However, it is recognised that these safety nets are the best mechanisms for taking care of orphans, the elderly and people with disabilities. Government and other stakeholders will therefore work to strengthen the capacity of families and communities to provide support and protection to orphaned children, the aged

⁵⁵ The value of the transfer is expected to be about US\$83 per beneficiary per annum

and persons with disabilities. Further, the problems faced by the extended family system caring for these vulnerable groups have led to the growth of community-based support groups. The work of these support groups has been recognised as important hence their use under the direct welfare transfers. It is, however, recognised that the capacity of these support groups needs to be strengthened. This will involve training of foster care parents, volunteer counsellors, and home-based carers and committees, and establishing community-based childcare centres.

Table 4.3.1: Safety Nets Targets

| Indicator | Target 2005 |
|---|--------------------|
| Number of TIP beneficiary households per year | 568,000 |
| Number of PWP beneficiary households per year | 250,000 |
| Number of TNP beneficiary households per year | 150,000 |
| Number of income support beneficiaries per year | 100,000 |

4.3.2 Improving Disaster Management

Malawi is frequently affected by natural disasters and calamities. The Lower Shire has been declared a disaster area a number of times due to floods, which occur almost annually. Other areas, in particular lakeshore areas, are also prone to floods during years of heavy rains as was the case in 2001 when 15 out of the 27 districts were hit by floods. The MPRS therefore recognises the impact of such weather-related calamities on the poor and the need to put in place adequate disaster management measures.

Natural disasters like floods and hailstorms destroy crops, livestock, and other infrastructure thereby reducing the poor's productivity and removing their sources of livelihoods. The MPRS recognises that different categories of the poor are affected differently according to their specific production potentials affected by the disaster. It also recognises that for the poor not to be annual victims, disaster management must go further than emergency response. The MPRS will regard disaster management in a continuum that addresses problems of preparedness, prevention, mitigation, reduction of impact, relief (emergency response), as well as rehabilitation and reconstruction.

1. Strengthen Disaster Preparedness

The strategies under disaster management include the full use of established early warning systems like the Famine Early Warning System (FEWS) and the National Early Warning System (NEWS). This will be done in close collaboration with the Ministry of Agriculture and Irrigation as well as the Meteorological Department. At a regional level disaster preparedness will take advantage of SADC Disaster Management Unit in forecasting weather related calamities, and therefore institute necessary impact mitigation tools. This will also ensure foresight in assessing risks and hazards and coming up with solutions ahead of calamities, as well as identifying the vulnerable groups using VAM.

2. Ensure Effective Disaster Relief

Disaster victims will also be covered under relief programmes. The DDPRR will continue to prepare Emergency Operation Programmes, which run for 90 days to ensure that disaster victims maintain sustenance while they reconstruct their shelter. On the other hand seed will be

provided for *dimba*⁵⁶ planting to produce a replacement crop. Alternatively seed will be provided for the next crop production season. Basic necessities of non-food items will also be distributed.

3. Facilitate Rehabilitation and Reconstruction

Disaster victims will also benefit from rehabilitation and reconstruction of destroyed amenities such as boreholes as well as infrastructure such as roads, schools, clinics, and police units. In certain disaster situations, the DDPRR will cooperate with the World Food Programme (WFP) and NGOs to introduce income generating activities as a post-disaster activity. Other small-scale programmes such as replacement of small livestock like goats, and the Food for Work (FFW) programmes will target poor communities to ensure food security.

Except for disaster preparedness, the strategies under disaster management are in concert with the four main strategies in Pillar 3. Therefore an assessment of the impact of disaster on the livelihoods of the affected individuals, households and areas will be done in terms of the best response. Depending on the assessment, any or a combination of the four safety nets types will be implemented. For example, food distribution will be implemented if food production is affected. Likewise if the disaster requires some rehabilitation of the affected area or if income-generating capacities are reduced, public works programmes will be implemented.

4.4 Good Governance

Even with the best strategies for pro-poor growth, human capital and safety nets, poverty will not be reduced unless there is development-oriented governance. Good governance in this sense consists of three elements: political will and mindset, security and justice, and responsive and effective public institutions. For example, the technical design of the MPRS will be irrelevant unless there is the political, bureaucratic and popular will to implement it. The poor must also be protected from crime, violence, arbitrary state power and injustice. Finally, public institutions must be transparent and held accountable (including through checks and balances) so that they are responsive to the needs of the poor and effective in the implementation of the strategies outlined in this paper. The overall objective of Pillar 4 is therefore to ensure that public institutions and systems protect and benefit the poor.

4.4.1 Political Will and Mindset

A recurring theme of the MPRS process and other recent consultations has been the problems caused by a lack of political will and wrong mindset. In particular, a consensus is emerging that poverty reduction cannot be achieved without a change in mindset and strong political will. This recognition is in itself a major step forward, since there has in the past been a culture of denial of such problems.

However, the issues of political will and mindset cannot be addressed by bemoaning the decline of work ethics or the dominance of short-term individualism over medium to long-term local and national prosperity. Nor can they be addressed by blaming others for their mindset –

⁵⁶ A *dimba* is a small vegetable garden

all stakeholders must accept their own responsibilities first. Similarly, the issues cannot be solved by civic education – there are underlying reasons for peoples’ behaviour that cannot be addressed by persuasion alone. Instead, the solutions lie in the identification of the root causes of this behaviour, and a concerted effort by all Malawians.

4.4.1.1 Political Will

In order for development and poverty reduction to become reality, political leaders from all political parties must depoliticise development, make and accept constructive criticism and be prepared to make hard decisions. A strong message emerging from the MPRS District Consultations was the need to depoliticise development. In particular, all stakeholders should be involved in planning, implementation, monitoring and evaluation of all poverty reducing activities regardless of political affiliation, and political leaders must recognise the need to foster development in all districts and constituencies, regardless of political representation. A recurring theme from the stakeholder consultations was the need to reduce political interference in their sector – for example in public expenditure management, security and justice, credit, taxation and infrastructure.

Malawian politics is characterised by patronage and regional relations rather than ideological or policy commitment. There has been an apparent lack of political will on all sides to make and implement the hard prioritisation decisions required to improve the effectiveness of Government activities. In particular, prioritisation requires that certain low priority activities must either be scaled down or stopped altogether.

Again, it is not enough to bemoan the lack of commitment of politicians and their short-term populist focus. There are several reasons for the observed behaviour. Firstly, the dominance of patronage politics is a result of historical experience, and the lack of education and short-term focus of the poor. Similarly, the very nature of politics, particularly in democracies, dictates that politicians favour short-term gains and populist acts over medium to long-term reforms, which often have short-term costs, such as unemployment.

It must also be accepted that politicians are elected to make decisions – many reform proposals involve reducing substantially the scope for altering policy and therefore undermine their democratically justified powers. However, the political leadership is often not fully briefed on the negative consequences of its actions and the benefits of alternative actions, since those advising the political leadership depend on those leaders for their careers. Finally, donor driven reform programmes are frequently introduced and reformed. Government, therefore, has an incentive to commit to the programme long enough to receive the associated aid, then to abandon it.

These reasons must be recognised and addressed. They suggest a two-tier strategy. In the short to medium term, leaders and technicians should ensure that the design of reform programmes includes short-term benefits, so that the reforms have broad-based support. In addition, the timing of reforms should be linked to the electoral cycle, so that unavoidable short-term costs of reform do not have a disproportionate political impact. Reforms should also be flexible and country-owned so that there is broad commitment to their full

implementation. The short to medium strategy should also include efforts to change the terms of political discourse away from undeliverable promises and creating expectations of material gain in return for electoral support. Finally, efforts must be made to restore the neutrality and professionalism of the public service. This, in part, will involve change management training for political leaders, focussing on how to interact with their team of civil servants. In addition, it will involve clearly defining the dividing line between Government and party political roles, functions and resources.

In the long term, the strategy consists of strengthening parliament and civil society so that they are able to play their role of providing checks and balances on the executive. In addition, it is important that the people participate in decision-making processes through decentralisation. Education, both basic and political, is also part of the long-term strategy – only an educated population will be able to hold its leaders to account. Finally, the reduction of donor dependence is crucial if Malawi is to avoid policy reversals.

4.4.1.2 *Mindset*

The issue of mindset arises in the public service, the general population, the private sector and in the donor community. In the public service, the mindset is perceived as one of “business as usual”, laziness and personal greed. This is in large part caused by the existing incentive structure in the public service, which is characterised by low basic salaries, lack of performance monitoring, lack of sanctions against poor performance and rewards for good performance, and promotion systems based on regionalism, tribalism, seniority and political affiliation rather than merit. In this context, an elaborate structure of allowances has emerged as effective salary support that is ripe for abuse and distorts management priorities.

The solutions to this problem of public service mindset lie partially in the public sector reforms described below. In particular, Government should introduce stronger accountability mechanisms and increase salaries whilst simultaneously removing all but essential allowances from the system.

The mindset of the general population is often regarded as one of laziness and dependency on Government. Again, it is important to look at the root causes of this perceived mindset. Firstly, it is due to the lack of economic empowerment of the poor who in many cases lack the knowledge or capacity to seize productive opportunities. This can be addressed through appropriate education and improving access to credit and markets. Secondly, the perceived dependency on Government handouts is based on historical experience that Government and donors will provide for the poor, especially in times of severe hardship. This is further encouraged by the terms of political discourse, which create expectations of material gain in return for political allegiance. The dependency culture can be addressed by ensuring that where possible, safety net activities focus on empowerment, by concerted efforts to change the terms of political discourse, and by disseminating the message that Government has limited resources and cannot do everything.

In the private sector, there is a culture of blaming Government for all its troubles – although this may be partially true, it enables the private sector to deny its own problems, such as poor

management skills, lack of entrepreneurial spirit and lack of meritocratic recruitment and promotion. In addition, the private sector simultaneously demands tax cuts and exemptions, higher public infrastructural expenditure, lower utility prices and protection from international competition. These demands are not consistent. The private sector should, therefore, focus on building its own capacities and professionalism whilst working with Government and appreciating its constraints.

There is often an underlying assumption on the part of development partners that because they are benevolent donors, everything they do is in the best interests of Malawians and they are above criticism. However, the reality is that at best, donors do not effectively use their resources for poverty reduction, and at worst, help to exacerbate poverty by undermining Government's planning and priority setting and adding to Malawi's debt burden. Efforts to build Malawian ownership of programmes, employ more local staff, move from loans to grants, and shift from project to programme funding have begun to improve the situation. However, to a large extent, these shifts are limited to rhetoric – ultimately, donor Governments still make the crucial decisions on funding, and pressure is still put on Government to conform. The MPRS offers an opportunity to move beyond the rhetoric – donors should buy in to the MPRS and genuinely only fund programmes and projects within it. Ultimately, however, Malawi must learn to live on its own resources and not rely on donors.

Another theme related to mindset that has been emphasised throughout the process is that of patriotism. There is consensus that the problems of mindset and political will arise partly because of a lack of patriotism across Malawian society. In particular, it appears that regionalism, tribalism and individualism outweigh considerations of patriotism. In order to reverse this trend, efforts should be made to inculcate positive values and attitudes (including the Malawi First concept) through sports, youth development, community development, information and broadcasting, and cultural events. This will not generally involve additional expenditure or events, but rather involve a shift in the emphasis of existing programmes, events and broadcasts. Secondly, the “Malawi Incorporated” concept should be promoted so as to increase the complementarities between the public and private sectors.

4.4.2 Security and Access to Justice

Issues of security⁵⁷ and justice are closely linked to issues of poverty. Protection from crime, violence, arbitrary state power and injustice is a fundamental part of welfare. Equally importantly, insecurity makes it too risky for the poor to accumulate assets and wealth, particularly in a rural setting, as any assets or wealth are likely to be stolen. This undermines the ability of the poor to generate their own incomes and reduce their own poverty. Crime has a disproportionate impact on the poor since they are the most vulnerable and least able to cope. An accessible, efficient and gender responsive justice system can help to reduce crime by punishing offenders, and creates a level playing field for the poor so that they can protect themselves from those with more economic and political power.

Poverty and crime can also be part of a vicious cycle – crime reinforces and increases poverty, and poverty causes crime. For the ultra-poor, the only means for survival may be stealing food

⁵⁷ Security is defined narrowly as physical security of individuals and assets.

or assets from other poor people. It is therefore important that this cycle is broken – by poverty reduction efforts, by exploring non-custodial sentences for minor offences, and by ensuring that prisoners are well treated and taught skills they can use to sustain themselves once released.

However, it is not only through the theft of the poor's assets that crime impacts on poverty reduction. Crime and insecurity also have significant indirect impacts on the poor. For example, fraud, corruption and tax evasion reduce the resources available for Government to spend on poverty reducing activities. Insecurity also negatively impacts the growth of foreign investment and tourism, which in turn affects economic growth potential.

Security and access to justice in Malawi has a sad history. Between independence in 1964 and 1994, the police was used as a tool of the one party state and was implicated in many human rights abuses. Similarly, the state exercised power arbitrarily, imprisoning opponents and those accused of crimes with little or no recourse to the justice system. Prisons were overcrowded and inhumane.

Since 1994, extensive efforts have been made to reverse this situation through police reform programmes, the closure of the most notorious prisons, and the creation of human rights bodies. However, these efforts have not been able to prevent a rising trend in crime, a continuation of political violence and a general decline in security. The police: population ratio stands at 1:1667 against a regional standard of 1:500. As a result, the rate of crime has risen by 6 percent over the past five years, whilst the crime detection rate has not moved above 20 percent. This has been in part blamed on increases in illegal immigration in the country, which has also contributed to a reduction in economic opportunities for Malawian citizens and has undermined the integrity of Malawian passports. Finally, prisons have remained overcrowded and inhumane. The prison population has risen from 4000 in 1995 to 8000 in 2001, and the warden: prisoner ratio has fallen to 1:14, against an international standard of 1:5.

This situation is partly a result of lack of financial and human resources. There is insufficient police presence, especially in rural areas, and the justice system does not have enough lawyers, judges or courts to process cases effectively and timely. As a result, the number of prisoners has expanded with many individuals on remand, whilst little additional prison infrastructure has been built. Further, a breakdown of discipline and professionalism coupled with low salaries has contributed to an increase in police corruption and the HIV/AIDS epidemic has worsened the shortage of police officers and lawyers. Finally, some stakeholders have expressed concern that the police and the justice system are becoming politicised, both in terms of recruitment, deployment of the police and protection of certain individuals from justice.

Currently there is little appreciation amongst the general public of the role the law plays and the potential it offers for empowerment. The law is an essential tool for social and economic development since it seeks to establish order in a society. It does not just relate to crime and the Police, but affects virtually every aspect of life. However, the supremacy of the law is currently undermined by a general failure to respect the rule of law.

In response to these problems, an integrated approach to security and justice has been adopted, as reflected in the Malawi Safety, Security and Access to Justice programme (MASSAJ)⁵⁸. This programme recognises that the various elements are interdependent. For example, although crime reduction has traditionally been seen as the sole responsibility of the police, this approach recognises that the police will have a minimal impact on crime reduction if there is an ineffective justice system. The resulting strategy has three interlinked objectives:

1. Reduce Crime

In terms of crime reduction, the way forward is on five levels. Firstly, crime control capacity will be increased, particularly by deploying more officers in rural and urban areas and building associated police infrastructure. Secondly, a crime prevention strategy will be reviewed and implemented, to include enhanced community involvement in policing, development of counselling methods at all levels (for example, household, community, police, and prisons), reduction in abuse of firearms and the supporting role of the Malawi Defence Forces in crime prevention. Thirdly, co-ordination with and regulation of private sector security firms will be improved through the introduction of a new regulatory framework. The fourth strategy involves efforts to improve the quality of investigation, using modern technology. Finally, there will be further organisational development of the Police, Prisons and Immigration services to ensure that they are transparent and accountable. This will also involve ensuring that mechanisms are in place to deal with emerging human resource issues, including putting in place strategies to prevent the spread of HIV/AIDS, mitigating against the impact of the pandemic, and ensuring that the recruitment system is not biased in terms of gender.

Improve Access to and Delivery of Efficient and Effective Justice

The judicial system will work to ensure improved access to and delivery of effective and efficient justice, particularly to the poor and vulnerable. The highest priority will be on increasing the crime prosecution rate by recruiting more prosecutors, lawyers and judicial staff, and by constructing more court-rooms. The independence of the Judiciary must also be strengthened as one of the three branches of Government. The second priority will be to enhance the capacity to provide access by the poor to justice, by increasing the availability of lawyers through the Legal Aid programme, and civic education on their legal rights. The third area of focus will be on safeguarding the rights of victims, suspects and perpetrators of crime, by establishing victim support units, improving prison conditions and encouraging community service for petty offences to relieve pressure on prisons and act as a measure of compensation to the community. Finally, effective rehabilitation programmes for prisoners will be developed so that the cycle of crime and poverty is broken.

2. Ensure Respect for the Rule of Law

Respect for the rule of law depends to a large extent on strengthening of the capacity and independence of the Judiciary referred to above. For the rule of law to prevail across Malawian society, a clear example must be set by national leaders and institutions. This requires an independent Judiciary that has power to ensure that those leaders and institutions operate within the Constitution and Laws of the Republic of Malawi. It also requires strong

⁵⁸ There are, however, strategies outside the MASSAJ strategy document that are proposed here.

political will to respect the independence of the Judiciary and abide by Laws and judicial decisions.

In addition, this objective will involve strengthening the oversight bodies of security organisations, depoliticising the police and justice systems and civic education on rights and responsibilities under the constitution. A summary of the objectives and associated targets is produced in Table 4.4.1:

Table 4.4.1: Security and Access to Justice Targets

| Indicators | Current | 2005 target |
|--|---------|-------------|
| Police: Population ratio | 1:1912 | 1:1200 |
| Crime detection rate | 20% | 40% |
| Prosecution rate (cases per year, using homicide as proxy) | 150 | 300 |
| Community service cases | 525 | 5000 |
| Warder: prisoner ratio | 1:14 | 1:9 |

4.4.3 Ensuring Responsive and Effective Public Institutions

The second main element of this pillar consists of strategies that enable Government as a whole to implement its planned strategy, and enable the populace to ensure that the Government keeps its promises and is responsive to the needs of the population.

4.4.3.1 Public Expenditure Management

Good public expenditure management (PEM) is increasingly being recognised as one of the prerequisites for economic growth and development and hence for poverty reduction. Good PEM guarantees that public resources are allocated to priority areas as identified by the MPRS, produces value for money in service delivery, and ensures adherence to aggregate fiscal policies and targets.

The central tool for public expenditure management is the budget process, which since 1995 has been based on the principles of the Medium Term Expenditure Framework (MTEF). The MTEF was introduced in order to ensure strategic medium term budgeting, bringing together policy-making, planning and budgeting roles of Government into a rolling three-year horizon. The chosen focus was on the reallocation of resources to priority activities. The role of the budget under the MTEF was to change from a centralised inventory of inputs adjusted on an incremental basis to an output focused approach based on costings of priority activities and projections of available resources.

However, there has been dissatisfaction with the implementation of the MTEF. Firstly, the strategic prioritisation process is not influenced by extensive costing of activities. By and large, sector policies remain unaffordable and resources end up being spread too thinly across many activities. Secondly, there have been persistent and significant divergences between approved and actual expenditures, undermining the set priorities. This reveals an apparent lack of appreciation at both the political and technical level of the significance of resource constraints.

Finally, Budget execution has been undermined by pressures to finance new and unbudgeted activities at the expense of identified priorities. This extra-budgetary funding causes major damage through two channels. Firstly, the process of planning and budgeting stops working effectively. The way Government spends money is no longer decided through a process of careful analysis, discussion and selection of priorities, but through the success of each ministry in winning resources through extra-budgetary requests. Secondly, Government loses control of the macroeconomy. Each year Government borrows more money than it can really afford, leading to high interest rates, which destroy the private credit market, and poor control of the money supply, and hence inflation. In such a situation, it is the poor who are hurt more than the rich.

Hence, the major challenge of the PEM in the context of the MPRS will be to ensure an effective, medium-term output focussed system by strengthening the MTEF. The MTEF Review of 2000 identified a number of essential characteristics of a successful MTEF⁵⁹. Government will implement a number of activities aimed at achieving these characteristics, with the overall goal of ensuring effective use of resources for poverty reduction.

1. Improve Budget implementation by Creating Hard Budget Constraints

The first strategy under this objective is to strengthen political leadership of the Budget process so that there is broad-based popular and political participation in the formulation and execution of the budget. This would ensure that political intentions are reflected in stated policies, which are translated into the Budget and reality. This will involve improving the structure and presentation of the Budget (ensuring a transparent activity focus), submitting activity-based expenditure reports to Parliament and the Cabinet and strengthening the capacity of political oversight bodies such as the Budget and Finance and Public Accounts Committees of Parliament. Finally, there will be basic public finance training for MPs, Cabinet Ministers and Controlling Officers, emphasising the impact of expenditure decisions on the economy and on poverty.

The second strategy is to ensure accountability by improving financial management and expenditure control mechanisms so that fiscal targets are met and unauthorised expenditures are eliminated. In order to achieve this, Government will implement the Integrated Financial Management Information System (IFMIS) and will further strengthen the Credit Ceiling Authority (CCA) system and the Commitment Control System (CCS). To reinforce these measures, the current Finance and Audit Act will be split into a new Finance and Management Control Act with clear and strong public financial management regulations including sanctions against those who break the regulations, and a new Public Audit Act ensuring the independence of the National Audit Office. Finally, Government will strengthen monitoring of expenditure inputs and outputs, and introduce expenditure tracking systems as outlined in Chapter 6.

The third strategy will be to strengthen resource forecasting in order to improve the predictability of resource flows to service providers. This will involve a quarterly review of

revenue collections and the according re-alignment of expenditures. Also, there will be regular reviews of donor inflows to ensure that they are less erratic.

2. Improve Public Expenditure Planning and Budget Preparation

The first strategy under this objective will be to increase the comprehensiveness of the Budget, so that all public expenditures are subject to the same decision-making criteria based on MPRS priorities. In the past, planning has been made difficult by donor-funded projects that have been outside the budget and whose recurrent cost implications have not been planned for. Expenditures by state-owned enterprises and NGOs need also be included to ensure comprehensive planning. Of particular concern is the MASAF project, which needs to be aligned to the MPRS.

Secondly, Government will formalise and strengthen Budget scrutiny, in order to ensure that budgets are clearly focussed on affordable outcomes and policies. Under this strategy, the process of Budget formulation will be revised to ensure that Budget submissions are in line with MPRS priorities, and Ministers will report to parliament annually on achievement of outputs of their respective ministries. In addition, there will be a capacity building programme for the Ministry of Finance and Economic Planning to improve budget scrutiny and monitoring.

4.4.3.2 *Public Sector Reform*

Public sector reform will ensure efficiency and effectiveness in service delivery, which is crucial for poverty reduction. The public sector constitutes the core competence of the nation for formulating, implementing and monitoring national, sectoral and district/community level policies and actions.

Government is undertaking public sector management reform (PSMR) as a key part of governance improvement. The PSMR seeks to develop the capacity of the public sector so that in the long run it can become the national instrument for the attainment of MPRS objectives. Despite some reforms, there is urgent need to strengthen the overall capacity of the public sector to make it an effective instrument for the effective delivery of public goods and services.

1. Improve Public Sector Conditions of Service and Work Ethics

The major challenge for the public sector is the need to establish an effective incentive structure that will improve work ethic and productivity. The first strategy to meet this objective is to review and establish realistic and equitable remuneration. Under this strategy, many benefits and allowances will be monetised and integrated into basic salaries, whilst revising and strictly enforcing equitable regulations on allowances. In addition, Government will review the performance related contract scheme, focussing on setting and monitoring financial management performance criteria. After this review, the scheme will either explore the possibility of extending the scheme to some lower grades or enhancing the remuneration package for grades below those covered by the scheme.

⁵⁹ The characteristics are: political involvement and commitment; effective management and coordination of reforms; predictability in the funding of services; clear, consistent and affordable policies; transparent preparation and presentation of the Budget; comprehensiveness of Budget coverage; and accountability

Apart from this, Government will devise and implement a comprehensive wage policy to ensure appropriate and equitable remuneration across Government. This will include ensuring that front-line service delivery agents (for example, nurses and teachers) have remuneration packages more in line with their counterparts in central Government headquarters. In order to complement this strategy, Government will simultaneously improve the enforcement of standards for the Civil Service. This will involve developing and enforcing a code of conduct for public officials, designing and implementing a performance based appraisal system for civil servants, and reviewing the Public Service Act.

Finally, Government will introduce a new public pensions system in order to ensure that pensions are linked to the cost of living, and that they have a fixed, predictable budgetary impact. This will include a feasibility study on the introduction of a funded, privately managed pension fund.

2. Review the Structure of the Civil Service

The second objective of the public sector reform component is to review the structure of the civil service so that it focuses on poverty reduction. This will involve revisiting the functional review process and redefining Ministry functions and staffing on the basis of MPRS priorities. This restructuring will be implemented in the context of decentralisation, which will also help to ensure that Government resources, both financial and human, are used for poverty reduction.

3. Address Capacity Constraints across Government

The third objective is to address capacity constraints across Government. This is related to the issue of increasing the number of qualified personnel in key posts through a training programme of existing public servants, improving secondary and tertiary education, promoting the training of key professional cadres (such as accountants, lawyers, engineers and economists) as well as mitigation against the impact of HIV/AIDS. Furthermore considerable attention will be paid to the development and implementation of management development programmes so as to build capacity to ensure continuous delivery of quality services to the public.

4. Strengthen Public Policy-Making

The fourth objective of public sector reform is to strengthen public policy-making at all levels. This will include ensuring broad participation in policy-making, particularly through the annual MPRS review process described in Chapter 6. In addition, the capacity of central Government Ministries (including the Cabinet Office, the Ministry of Finance and Economic Planning and the National Economic Council) will be strengthened, particularly as regards the implications of new policy proposals, including their input on expenditure and poverty. Further, efforts will be made to ensure that the operations of all ministries are governed by clear and transparent policy guidelines.

5. Improve Effectiveness of Parastatals

The fifth objective is to improve the efficiency and effectiveness of public enterprises. The performance of both commercial and subvented parastatals has been unsatisfactory, resulting in

losses and repeated Government bail-outs, thereby using resources meant for priority programmes. This poor performance is largely caused by management problems aggravated by the lack of an appropriate institutional mechanism to monitor their financial performance and hence to make them accountable to the general public.

Government will, therefore, undertake parastatal sector reforms aimed at restructuring and commercialising most parastatals to improve their financial performance. This will not only reduce Government bail-outs but also will help to foster private sector development. Special measures will be taken to eliminate inefficiencies by recruiting competent managers. In addition, boards of parastatals will be continuously reviewed to improve governance and only qualified individuals with relevant experience will be considered. Efforts will also be made to ensure charges by utility companies cover costs, and to accelerate privatisation, particularly in telecommunications, power and water. Finally, the Public Enterprise Reform and Monitoring Unit (PERMU) in the Ministry of Finance and Economic Planning will undertake continuous scrutiny of the financial performance of public enterprises and will co-ordinate reform efforts.

In terms of specific parastatals, Government will continue to implement the action plan for privatisation and commercialisation of ADMARC. Firstly, all ADMARC subsidiaries will be privatised or liquidated. Government will also identify excess marketing and storage infrastructure for valuation and auction. Further, cotton ginning operations will be transferred to a separate company. Government will then repeal or amend the ADMARC Act and incorporate ADMARC as a limited liability company in preparation for its privatisation. Finally, the Malawi Development Corporation (MDC), Malawi Telecommunications Limited (MTL) and Air Malawi will all be privatised by offering a strategic partner controlling shareholdings.

4.4.3.3 *Fraud and Corruption*

The MPRS district consultation process showed that corruption is one of the major concerns of the people. High levels of corruption and fraud reduce economic growth by discouraging legitimate business investment, and reduce the public resources available for the delivery of services to the poor. In addition, corruption gives disadvantages to the poor in selling their agricultural produce, and reinforces the unequal distribution of wealth and power in society – only those who can afford to pay a bribe benefit while the poor, the weak and the vulnerable suffer.

In order to address issues of corruption, Government established an independent Anti-Corruption Bureau (ACB) to check corruption of any kind and at any level. However, the Bureau's effectiveness is hampered by weak human and financial capacity and systemic institutional weaknesses. As a result, corruption is still growing in most sectors of the economy.

1. Improve the Prevention of Corruption and Fraud

The key strategy to achieve this objective is to reduce the opportunities for corruption and fraud through the creation of a new Malawi Procurement Authority (MPA). This Authority will oversee decentralised procurement across Government, enforcing clear procurement guidelines so that all public procurement is transparent. In addition, the Anti-Corruption

Bureau (ACB) will continue to conduct and encourage anti-corruption campaigns. Finally, the prevention of corruption and fraud is dependent on the improved detection and prosecution of cases so that a clear message is sent to potential offenders.

2. Increase Detection and Prosecution of Corruption and Fraud Cases

This will involve reviewing the legal framework and relationships between and among the Anti-Corruption Bureau (ACB), the Director of Public Prosecutions (DPP), the National Audit Office (NAO), the Malawi Revenue Authority (MRA) and the Public Accounts Committee (PAC). In particular, steps will be taken to ensure the independence of the ACB so that political interference is eliminated. In addition, the capacity of these institutions must be built, so as to improve coverage and timing of audit, ensure tax compliance, strengthen investigation and prosecution of corruption and fraud cases, and ensure speedy processing and prosecution of corruption and fraud cases. In addition, in the context of decentralisation, efforts will be made to ensure that each district has an officer responsible for anti-corruption activities, coordinated by the ACB.

4.4.3.4 *Decentralisation*

Decentralisation focuses on the empowerment of the people for effective popular participation and decision making in the development process in their respective areas. In the past, there have been many competing and fragmented development projects, which were largely uncoordinated and managed centrally. This has resulted in substantial duplication of effort and has tended to confuse rather than help the beneficiaries.

In order to address these problems, Malawi is undergoing a process of decentralisation, or more specifically, devolution. In the past, a number of line ministries have undergone a process of administrative decentralisation, or deconcentration. However, this form of decentralisation has not yielded the benefits expected because the decision-making power and resources have remained in central Government. Devolution will fundamentally transform the way Government works and interacts with the public, both administratively and politically. Local Governments have been created at district level to perform functions previously performed by central Government, and crucially will be accountable to the population of their district, through the District Assemblies.

Since the passing of the Local Government Act in 1998, significant progress has been made in establishing the legal and administrative framework for decentralisation. A number of laws have been revised to ensure consistency, local government elections were held on 21st November, 2001, and Interim Assembly Administrations have been formed. Progress has also been made in establishing the financial framework for decentralisation, including the design of an Inter-Governmental Fiscal Transfer System, the devolution of business licensing and the functioning of the District Development Fund in most assemblies. Finally, there has been progress in preparing for the devolution of functions to the Districts, through the preparation of Sector Devolution Guidelines and the establishment of District and community level planning structures and guidelines.

Despite this progress, a number of challenges remain. Firstly, the political will and technical commitment needed to complete the preparation and successful implementation of devolution plans must be sustained. Secondly, capacity building programmes in the Assemblies must be consolidated and accelerated. Also, a sustainable financial base for the Assemblies needs to be developed whilst institutionalising accountability and transparency of resource use at a district level. In addition, there must be continuous consensus building and commitment to the devolution of functions from line ministries to assemblies, whilst building a democratic culture and participatory institutions in the community so that people are empowered to participate fully in local governance of these functions. Finally, there is need to integrate gender and HIV/AIDS issues into training programmes at a district level and to design programmes that address gender equity with regard to decision making and access to and control of resources.

The resulting decentralisation strategy has seven strategies grouped under two objectives:

1. Develop Institutional Capacity for Local Governance

The first strategy under this objective is to develop an appropriate accounting and financial management system. This will involve computerisation of local financial management systems, building the capacity of assembly personnel in financial management, and introducing activity based budgeting in co-ordination with Ministry of Finance and Economic Planning. The second strategy is to establish effective administration systems for local Government. This will involve training assemblies and management and strengthening national coordination of decentralisation.

2. Transfer Functions, Resources and Planning to Districts

The first strategy under this objective is to establish a local government financing system. This will be attained through fiscal reforms, including the development and implementation, in a phased manner, of a system for Inter-Governmental transfer, the strengthening of revenue collection by assemblies and training of accounting personnel. The second strategy is to devolve functions to the assemblies. The main activity will be to prepare and implement sector plans in a phased manner.

These two main strategies will be backed up by efforts to ensure an effective local development planning and management system integrated in to the national planning system (especially the MPRS), to create a consistent legal and operational framework for decentralisation by reviewing government policies, procedures and regulations and review of bye-laws, and to ensure that the public understands and appreciates decentralisation through civic education programmes and coordination with civil society institutions.

4.4.3.5 *Democratisation*

At the heart of effective governance is democracy. By formally recognising that all legal and political authority rests in the people, democratic constitutions empower the people. However, the authority of the constitution cannot be taken for granted, and in particular, elected leaders must continuously respect the supremacy of the people. In practical terms, this principle operates through elections and the existence of checks and balances on the Executive. Empowering the poor through elections ensures that Government is held accountable to the

people and that the poor have an influence over policy. This is crucial when decisions are to be made on the use of scarce national resources. Checks and balances ensure that Government is held accountable for its actions and remains responsive to the needs of the poor between elections. These checks and balances are both formal (for example, Parliament and Judiciary) and informal (such as the media and civil society). A multi-party system offers a transparent choice between potential governments and ensures that Parliament offers effective scrutiny of Government activities.

Malawi adopted a new democratic constitution in 1995. This followed the transition that ushered in a new era of political liberalisation and democratic governance. The constitution established the institutions of democracy outlined above, enshrines fundamental freedoms and rights and established a number of constitutional watchdogs (for example, Office of the Ombudsman, Malawi Human Rights Commission). Since 1994, Government has moved to consolidate the fundamental transformation that introduced multiparty democracy. A second general election was held successfully in 1999, followed by Local Government Elections in 2000. Informal checks and balances have strengthened over time, as demonstrated by the emergence of vocal civil society groups.

However, there is a perception amongst many observers that progress in the consolidation of democracy has slowed down in recent years and that many elements of the previous regime have been retained or have resurfaced. In particular, there is concern that the principle of a multi-party system is being undermined by the continued dominance of strong patronage networks. Similarly, people have noted that the principle of equitable participation has been weakened by political violence associated with elections and other national functions, the persistence of regionalism, tribalism and nepotism, and the terms of political discourse, which offers direct material gain in return for electoral support.

In addition, there are worries that the rights and responsibilities involved in a democratic system have been misunderstood and the rights abused at the cost of responsibilities. There is a perception that informal checks and balances have been weakened by the inequitable access to the broadcast media, the lack of professionalism of the print media, and the focus of the media on political rather than development issues.

Thus, there is need to strengthen the governance system and institutions enshrined in the constitution and informal checks and balances to ensure popular and equitable participation in governance. Much of this cannot be done technically. The problems of democratisation are largely related to the questions of political will and mindset. However, there are specific actions that can be taken to improve the quality of democracy:

1. Strengthen Formal Governance Institutions

In terms of formal institutions, there is need to further strengthen electoral processes by improving law enforcement related to elections, strengthening the capacity of the Electoral Commission and through civic education to increase voter turnout and create awareness of the respective roles of Members of Parliament (MPs) and local councillors. Also, civic education through traditional modes of communication can help to improve understanding of democratic

rights and responsibilities. Between elections, improved participation of the poor in national policy dialogue can be achieved using the MPRS concept, and the Executive can be made more accountable to Parliament by providing support to parliamentary committees, training MPs and strengthening political parties.

2. Strengthen Informal Governance Institutions

Informal checks and balances can be strengthened by ensuring the independence and professionalism of the mass media, particularly radio broadcasters, and by increasing the capacity and accountability of civil society organisations such as NGOs.

4.4.3.6 *Human Rights*

Human rights are also an essential part of democracy and are fundamental to poverty reduction. Declarations of human rights are intended to protect the poor from mistreatment by more powerful individuals and organisations such as Government, and guarantee access of the poor to basic services. Prior to 1994, Malawi's human rights record was amongst the poorest in the region, if not the world. Since then its record has improved. The Constitution through Sections 12 and 13 explicitly guarantees the right to basic economic and social rights. In addition, Government has ratified major international human rights instruments as well as key human rights related International Labour Conventions. A number of civil society organisations (including churches and NGOs) play the role of additional watchdogs. However, there is still limited observance and enforcement of human rights provisions. Issues of human rights have not yet taken centre stage because of conflicts between customary practices and the bill of rights, low level of professional skills in human rights organisations and inadequate systems to monitor human rights violations. In addition, the many human rights institutions in Malawi do not have clear roles and do not use their limited resources effectively.

1. Ensure Observance of Human Rights

In order to address these problems, the capacities of the many human rights organisations will be developed by Government and its development partners. This will involve clearly defining their roles, hiring and training personnel and increasing funding where the organisations demonstrate their effectiveness. In addition, all public servants, particularly those in enforcement agencies, will be trained in human rights issues. Finally, efforts will be made to raise the awareness of citizens about their constitutional rights and obligations.

4.5 Cross Cutting Issues

In addition to the above components of the MPRS, there are a number of cross-cutting issues that are crucial and have been mainstreamed in the four Pillars. A detailed discussion of these cross-cutting issues is meant to underline their importance for poverty reduction.

4.5.1 HIV/AIDS

Malawi has one of the highest HIV infection rates in the world. HIV infection rapidly penetrated the population during the early 1980s and the impact of this in terms of illness and death is now being increasingly felt throughout the country. Recent estimates made by the

National AIDS Commission indicate infection rates in women attending antenatal clinics varying from 13 percent in rural areas to nearly 25 percent in urban areas⁶⁰. The combination of the estimated 30 percent risk of mother to child transmission and the current high infection rates of HIV in women of child-bearing age suggest that many children are born HIV infected. The National AIDS Commission estimates the number of infected children at 65,000 in 2001⁶¹.

Conservative estimates put the HIV infection rates in the 15-49 age group at around 15 percent nationally⁶², and this rate is significantly higher in urban areas (25 percent) than in rural areas (13 percent). The HIV infection in people aged 15-49 is concentrated in younger age groups, particularly women. There is evidence that HIV infection in younger females aged 15-24 is about 4 to 6 times higher than the infection rate in their male counterparts. The NACP further estimates that 46 percent of all new adult infections in 1998 occurred in youth aged 15 to 24. Of these new infections, 60 percent of the new infections in young people occurred in women and 40 percent occurred in men. These already high infection rates seem to continue growing in spite of the apparent high awareness of HIV/AIDS amongst the general population. It should however be noted that most of these HIV infected individuals do not yet know their status.

The impact of the HIV/AIDS pandemic threatens all developmental efforts. For example, around 70,000 children become orphans every year, adding to the already large number of orphan, estimated at about 850,000⁶³. Further, there has been a three to four fold increase in tuberculosis (TB) cases, from 5,000 cases in 1985 to about 25,000 cases in 1999. High infection rates also cause increased absenteeism from work due to AIDS related illnesses and funerals, increased medical bills, funeral costs, and payment of premature death benefits. In general, HIV/AIDS will continue to divert labour from productive activities to care provision, thereby increasing food insecurity and threatening the survival of communities.

There are clear links between HIV/AIDS and poverty. Poverty is one of the major underlying factors driving the epidemic. People living in the state of serious and worsening poverty are more vulnerable to HIV infection due to a number of factors. Firstly, they have poor access to health care facilities, both because they cannot afford to pay for quality care and that the general free health services are inadequately resourced as a result of the overall national poverty. This poor access to health care means that the people are in poor general health enhancing risk of HIV infection and progression of AIDS.

Secondly, in search of income for subsistence and survival, people living in poverty participate in labour migration which results in breakdown of male and female relations, increasing likelihood of multiple sexual partners or casual sexual partners and risk of HIV infection. In addition, women in poverty can be forced to enter into high risk sexual relationship in battering sex for subsistence. This increases their vulnerability to HIV infection. Finally, people who are poor also have poor access to information, including information on HIV/AIDS issues which is critical for them to make informed decisions and choices about their sex and sexuality.

⁶⁰ National AIDS Commission (2001) *National HIV Prevalence Estimates from Sentinel Surveillance Data*

⁶¹ National AIDS Commission (2001) *National HIV Prevalence Estimates from Sentinel Surveillance Data*

⁶² *ibid.*

⁶³ Ministry of Gender, Youth and Community Services estimates

This is compounded by the fact that the poor also have poor access to education services and are generally illiterate to benefit from IEC campaigns.

Just as poverty deepens the HIV epidemic, the epidemic also deepens poverty in a serious vicious cycle. The HIV/AIDS affects the productive people in all sectors, who are central to poverty reduction. At national level, national productivity is reduced, and ability to provide social services diminished because of HIV/AIDS. Further, at community and individual level HIV/AIDS diverts household incomes to care, and reduces time spent on productivity thereby worsening poverty. Indeed unless HIV/AIDS is addressed comprehensively, including all the three components of a national response, namely prevention, care and mitigation, all attempts at poverty reduction will not succeed. HIV/AIDS erodes gains made on reducing poverty at a faster rate than any attempt to improve the poverty situation. Therefore, efforts to reduce poverty must go hand in hand with efforts to contain the HIV/AIDS epidemic.

These effects of HIV/AIDS on the productive population require improvement of human resources planning and training in all sectors. In addition, it calls for well-designed workplace programmes for prevention and mainstreaming HIV/AIDS as a factor of human resources management in all sectors. Given current levels of poverty and incomes in Malawi, it is highly unlikely that most Malawians will be able to afford any future effective AIDS drug. The only sustainable and effective strategy to combat HIV/AIDS is therefore prevention through behavioural change. However, there is increasing evidence that the response against HIV/AIDS will be more effective where prevention efforts are combined with care and impact mitigation services. To address the HIV/AIDS problem, Government has designed a Comprehensive National Strategic Framework, coordinated by the National AIDS Commission and supported by cooperating partners. The Strategic Framework directs the National HIV/AIDS response in the period 2000-2004. It forms the basis for formulating policies, operational programmes, projects and activities. The Strategic Framework has three main objectives: to reduce the incidence of HIV/AIDS, to improve the quality of life of those infected, and to mitigate against the economic and social impacts.

1. Reduce Incidence of HIV/AIDS

The first strategy is to prevent HIV infection among the youth so as to maintain a youth free of HIV infection. This will involve incorporating HIV/AIDS in school curricula at all levels including teacher-training colleges. Further, adolescent reproductive health services will be increased, including voluntary counselling and testing, management of sexually transmitted infections, encouraging people to abstain from extra-marital sexual activities and increasing condom distribution and education on proper usage. Emphasis will also be put on the promotion of use and distribution of female condoms. Secondly, efforts will be made to improve implementation of HIV prevention activities for the general public including commercial sex workers. This will involve programmes for controlling mother to child transmission of HIV, voluntary counselling and testing services at all levels, strengthened blood safety, improved condom promotion, distribution and use, and promoting infection prevention practices in health facilities.

2. Improve Quality of Life of those Infected with HIV/AIDS

The main strategy under this objective is to improve the management of HIV related conditions, including putting in place guidelines for treating Opportunistic Infections (OI) to improve care at both hospital and community levels. In addition, it is crucial that Government puts in place clear guidelines and policies for Anti-Retrovirals (ARVs) and negotiate for reduced prices to enable poor people to afford them. Finally, Government will put in place standards and regulations on the management and control of drugs in general to ensure availability and access.

3. Mitigate against the Economic and Social Impacts of HIV/AIDS

The mitigation of the impact of HIV/AIDS is essential if poverty reduction is to become a reality. Impact mitigation needs to be integrated into planning at all levels and across all sectors and actors. The first strategy is to provide frameworks that support those who are affected indirectly by the HIV/AIDS pandemic, such as orphans, widows, widowers and households. This will include supporting legislation on inheritance, introducing less labour intensive crops, and providing food to affected households. The second strategy is to work with herbalists and traditional healers. The third strategy is to include a budget line item in all line ministries for workplace programmes and other HIV related interventions. Finally, Government will improve the management and co-ordination of the HIV/AIDS response at national level, focusing on the strengthening of the National AIDS Secretariat and District AIDS committees.

4.5.2 Gender and Empowerment

Poverty is experienced differently by men and women. Disparities between women and men are still very pronounced in Malawi and this is one of the major causes of poverty in Malawi. It has to be noted that poverty has a gender dimension due to various social, economic and cultural constraints, options, opportunities and needs. As such, addressing gender disparities is a critical prerequisite for attaining increased economic growth and sustainable human development.

Gender and empowerment entails participation of all gender groups¹ in socio-economic development with full recognition of their responsibilities, roles, rights and relationships, as reflected in the pillars of the MPRS. When women and men have no voice and power to participate in decision making in matters that affect their lives, be it public institutions, civil society organisations, in households and at individual levels, they will not be able to engage in activities that directly or indirectly address both their basic and strategic needs which are essential for reducing their poverty. Empowerment therefore ensures that different gender groups are able to actively participate in development with maximum access and control to related resources and benefits at all phases of development thereby enhancing ownership, equity, efficiency and sustainable outcomes.

¹ Gender groups are defined by mainly sex, age class ethnicity and all other factors significant to Malawi's development

Contrary to the Women in Development (WID) approach, which sidelined men and failed to address the fundamental causes of gender inequality, the Gender and Development (GAD) approach that has been adopted in recent years explicitly deals with gender relationships and includes both women and men in all initiatives. However, insufficient attention has been paid to the implementation of this approach. As a result, Malawi is ranked 163 out of 174 countries in the world, with a Gender Development Index (GDI) of 0.374, implying large disparities between women and men. In addition, Gender Based Violence (GBV)⁶⁴ has remained a persistent problem, leading to physical, psycho-socio consequences such as drug and alcohol abuse, sexual abuse, unwanted pregnancies, HIV infection and homicide all of which deplete labour productivity, create health care expenses and reduces the capability of men and women to be empowered and to be productive.

There is a positive relationship between the level of education and movement of social indicators. In Malawi social indicators reveal low education levels among women, with a 44 percent adult literacy rate for women against 72 percent for men. This affects women's access to gainful employment and other economic resources, and further contributes to the poor infant mortality and morbidity rates, high fertility rate, and high HIV infection rate. This emphasises the need for greater gender equality in education.

Full-time female farmers make up 70 percent of the agricultural labour force. However, women continue to have limited access to agricultural extension, training and inputs. This situation is exacerbated by migration of men to towns and estates to seek paid employment, leaving behind low literate women to manage the farms and families. Consequently, over 71 percent of men are in formal employment compared to only 24 percent of women who are mostly concentrated in lowly paid and female-related traditional jobs such as nursing, teaching, home-craft and secretarial jobs.

Currently, very few women are in decision-making positions with almost 91.5 percent of all management positions being occupied by men compared to 8.5 percent females. There are only 17 women Members of Parliament compared to 193 men and only 8 women Cabinet Ministers against 29 men. As such, most of the decisions are male biased and perpetuate gender disparities.

Violence increases vulnerability of different gender groups and is one of the major sources of poverty in Malawi. According to a study by GTZ, 90 percent of the cases of violence against women are to do with domestic violence (1999). Reported cases of violence against women increased from a total of 800 cases in 1990 to 8,000 in 1999. On the other hand, there were 20 male cases reported in 1990 and 510 in 1999.

Gender based violence can be defined as any unlawful act perpetrated by a person against another person on the basis of their sex that causes suffering on the part of the victim and

⁶⁴ Gender Based Violence can be defined as any unlawful act perpetrated by a person against another on the basis of their sex that causes suffering on the part of the victim and results in among others, physical, psychological and emotional harm or economic deprivation.

results in physical, psychological, emotional or economic harm or deprivation. The prevalence of all forms of Gender Based Violence can lead to physical, psycho-socio consequences such as drug and alcohol abuse, sexual abuse, unwanted pregnancies, HIV/AIDS and homicide all of which deplete labour productivity, create health care expenses and therefore reduces the capability of men and women to lift themselves out of poverty.

In view of the current situation the national challenge on gender and empowerment is to create an enabling environment where, women, men, girls and boys are empowered to actively participate in, and benefit from socio-economic activities that meet their basic and strategic needs for poverty reduction and sustainable development. The following objectives will therefore be implemented in the context of the National Gender Policy and its mainstreaming:

1. Strengthen the Institutional Capacity for Implementation of the National Gender Policy

Attaining this objective will involve strengthened sectoral linkages between the Ministry of Gender and other stakeholders, by establishing gender focal points in stakeholder institutions and developing tools for gender monitoring and evaluation. Once these linkages have been made, Government will build capacity for gender responsiveness, planning, implementation, monitoring and evaluation by training the gender focal points on gender analysis and establishing a gender documentation centre.

2. Engender Budgets

Government will develop a policy on engendering sectoral Budgets and will build capacity for poverty focussed and gender responsive plans and budgets.

3. Promote Gender Sensitive Formal and Informal Legal Environment

Firstly, Government will identify and document negative traditional practices, beliefs and values and disseminate information on the effects of these. Secondly, Government will facilitate a review of laws and legislation that impact negatively on women and will ensure their enforcement. This will include supporting legislation on domestic violence and wills and inheritance and promoting economic empowerment programmes for women.

4. Eradicate Gender Based Violence

Government will prevent occurrence of gender based violence (GBV) and further establish and strengthen institutional capacity of all relevant stakeholders. This will involve expanding victim support units in police stations (see Pillar 4), expanding community based action groups, formation of victim support shelters, sensitising the public on monitoring and reporting on GBV, and incorporating gender based violence issues into the curriculum of training institutions. Secondly, Government and other stakeholders will provide counselling services for victims and perpetrators of gender based violence and set up a data bank on GBV in all documentation centres.

5. Enhance Women's Participation in Leadership and Decision Making Processes

This will involve strengthening linkages, improving women's access to resources and benefits for their participation in leadership positions including training programmes in leadership

communication and assertiveness for women and girls, and monitoring and evaluation of placement of women in those positions.

4.5.3 Environment

Poverty and the environment are linked in a complex, cyclical relationship. High population growth, high illiteracy and poverty lead to environmental degradation by forcing the poor to rely on natural resources for survival (especially as regards fuel wood energy, agriculture, water, fisheries and wildlife). As a result, Malawi's natural resources are threatened by the demand placed on them by the poor leading to unsustainable levels of usage. It has been estimated that the discounted, economic loss in 1994 associated with the loss in soils, forestry, fisheries and water was US\$240 million⁶⁵ (See Pillar 1). It is estimated that 70-80 % of Malawi's biomass is burned in any one season from the burning of crop residue, bush and forest fires, use of fire for hunting and clearing grazing pasture, from wanton pyromania and for fuel wood. This burning is leading to catchment damage and erosion and there is now evidence that aquatic chemical changes in Lake Malawi can be attributed to the atmospheric fall out from fires.

The high degradation rates of the environment in turn exacerbate poverty, since the poor depend on the environment and natural resources for survival. In particular, soil erosion and degradation, deforestation, depletion and degradation of water resources, threats to fish resources and bio-diversity and the degradation of the human habitat that are caused by poverty themselves reduce the ability of the poor to survive and thrive. There is therefore urgent need to reverse this downward spiral.

In recent years, a number of measures have been taken to break this cyclical relationship. The National Environmental Action Plan (NEAP) of 1994 led to the National Environmental Policy of 1996. In order to implement the Policy, the Environment Support Programme was introduced in 1996 to be an umbrella investment framework for the integration of environmental concerns into national planning. This includes the production of bottom-up State of the Environment Reports and inclusion of mitigation actions in Environmental Action Plans at national, district and area levels. As a result of this effort, awareness of environmental issues has increased, and the concept of Community Based Natural Resource Management (CBNRM) has become established. CBNRM empowers communities to have joint control over their own natural resources, discouraging individual overuse and reducing damage from external actors.

However, despite all these efforts environmental degradation continues apace. The resulting environment strategy has three basic objectives:

1. Strengthen Legal and Institutional Framework

This will involve mainstreaming environmental management into the local government administration, in particular the new assembly councillors. CBNRM will be encouraged

⁶⁵ Government of Malawi (1994) *National Environmental Action Plan*, Ministry of Natural Resources and Environmental Affairs

through district by-laws, accelerating the devolution of responsibility for environment monitoring and planning to the local level, and ensuring that the new Land Policy is consistent with CBNRM by providing, in return for a licence fee, the private sector and communities time-bound, conditional access rights to resources. The concept shall be to treat environment as economic goods and to see that they are properly valued. Further strategies dealing with natural resources are described under Pillar 1.

2. Develop Alternative Livelihood Strategies

The development of alternative livelihood strategies will ensure that the poor can survive and thrive without damaging the environment. This will be achieved by establishing a supportive technology development and transfer mechanism so that the poor change their behaviour, particularly with regards to use of fuel wood for energy and the wanton burning of biomass. Issues of energy are discussed under Pillar 1 as part of rural infrastructure. In addition, Government will promote trade and markets in non-consumptive, value-added products from natural resources so that the poor can benefit more by making and selling products from natural resources than by consuming (especially burning) those resources. Similarly, fiscal incentives such as tax breaks or small grants will be made available to communities (and private investors) so that they can practice sustainable resource management and income generation. Finally, under-developed resources such as deep-water fisheries and forest plantations will be commercialised. Strategies in these areas are described under Pillar 1 as part of natural resources.

3. Create Mass Environmental Awareness

This will be achieved through integrating environmental issues into the school curriculum, providing training for communities in environmental management, initiating mass media campaigns based on prioritised environmental concerns (for example, anti-bush fire campaigns) and the dissemination of information to communities and political leaders. This will include the distribution of information on sustainable resource use with the targeted input distribution.

4.5.4 Science and Technology

Science and technology (S&T) contributes significantly to socio-economic development. This notwithstanding, Malawi is characterised by low application of science and technology in all sectors of the economy largely arising from poor integration of science and technology in socio-economic development planning. The low content of science and technology in national economic development programmes is a barrier to economic growth leading to the high levels of poverty among Malawians. This situation is exacerbated by weaknesses in the national system for science and technology manifested in a weak framework for planning decision-making indicated by the lack of national guidance with respect to science and technology, inadequate attention to programmes that promote, coordinate and finance science and technology indicated by insufficient funding for S&T programmes and poor science culture, weak research and development institutions indicated by low quantity and quality of S&T human resources and poor institutions' infrastructure, and low quality scientific and technology services indicated by lack of and ineffective S&T information services.

Government has taken measures to address these constraints with the development of a new S&T policy as the starting point. The policy attaches great importance to the assurance of political commitment to S&T, integration of S&T into national development planning, maximization of productivity through the application of S&T, promotion of international cooperation, creation of a conducive policy environment for the advancement of science and technology, investment in and retention of S&T human resources, promotion of sustainable socio-economic development; and promotion of S&T culture among civil society.

In view of the current situation the objectives of S&T are to improve the capacity and capability of the national system for science and technology; intensify promotion and transfer of technologies to key livelihood systems; increase investment in research and development in Science Engineering and Technology (SET); enhance the role of science and technology in the expansion, diversification and sustainability of national production systems; improve and increase productivity of national production systems; and encourage value addition to raw materials and indigenous knowledge systems. The achievement of these objectives will create the enabling environment for S&T to contribute to poverty reduction in a sustainable manner. The following strategies will be implemented in the context of the National Science and Technology Policy and its mainstreaming.

1. Strengthen National Science and Technology Capacity

Government will build the capacity of the national system for science and technology. This will be achieved by improving the framework for planning and decision-making through the adoption of a new National Science and Technology Policy and the establishment of a National Commission for Science and Technology Act. In addition, Government will, in partnership with the private sector, improve the promotion, coordination and financing of science and technology; and outline a comprehensive human resources development and management programme for science and technology.

2. Intensify the Application of Science and Technology

Key measures to be taken will be to improve sustainable productivity in the major livelihood systems of agriculture and livestock production, enterprises and fisheries by implementing national technology transfer programmes in these livelihood systems. Research in science and technology will be diversified through multidisciplinary research institutions including the Malawi Industrial Research and Technology Development Centre (MIRTDC) which is the only industrial research institute. Intensified application of science and technology will be facilitated by the creation of a science and technology culture in order to encourage appreciation of S&T in Malawian society.

3. Enhance Utilisation of Information and Communication Technologies

Enhanced utilization of information and communication technologies (ICTs) will improve mass communication, information retrieval; and facilitate the establishment of national and sectoral databases thereby enhancing access to the technologies whose use will reduce poverty.

Government will provide a favourable ICT regulatory and operating environment by developing a national ICT policy and related action plans which will integrate ICT utilization and development into Malawi's social economic and poverty reduction strategies. In particular, the Government will enhance provision of infrastructure for enhanced

communication and information exchange, invest in ICT for education, vocational training, health, agriculture, financial management, governance, and development of ICT skills.