



GOVERNMENT OF MALAWI

FINAL REPORT

**MALAWI GROWTH AND DEVELOPMENT STRATEGY (MGDS) II
REVIEW AND COUNTRY SITUATION ANALYSIS REPORT**

**MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT
(MFEPD)**

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LIST OF ACRONYMS

ABD	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AR	Annual Review
ARI	Acute Respiratory Infection
ASWAp	Agriculture Sector Wide Approach
ASWG	Agriculture Sector Working Group
AU	African Union
BASA	Bilateral Air Service Agreements
BBEE	Broad Based Economic Empowerment
BDS	Business Development Services
BPPP	Business Public Private Partnerships
BPPs	Business Public Partnerships
BESTAP	Business Environment Strengthening Technical Assistance Project
CAA	Civil Aviation Authority
CAADP	Comprehensive Africa Agricultural Development Programme
CBA	Cost Benefit Analysis
CDM	Clean Development Mechanism
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CHAM	Christian Health Association of Malawi
CJCSP	Competitiveness and Job Creation Support Project
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organization
DA	District Assembly
DDPs	District Development Plans
DGSS	Democratic Governance Sector Strategy
DEMAT	Development of Malawian Enterprises Trust
DGSS	Democratic Governance Sector Strategy
DHS	Demographic Health Survey
DLG	Decentralised Local Government
DPs	Development Partners
EAC	East African Community
EBA	Everything but Arms
ECD	Early Childhood Education
EFA	Education for All
EHP	Essential Health Package
ENRM	Environment and Natural Resources Management
EP & D	Economic Planning and Development
ERP	Economic Recovery Plan
ESS	Education Sector Strategy
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FTA	Free Trade Area
FY	Financial Year
GBV	Gender Based Violence
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GCY&S SWG	Gender, Children Youth and Sports Sector Working Group

GHG	Greenhouse Gas
GoM	Government of Malawi
GRB	Gender Responsive Budgeting
FCTC	Framework Convention on Tobacco Control
FDI	Foreign Direct Investment
Ha	Hectare
HEI	Higher Education Institution
HIPC	Highly Indebted Poor Country
HIV	Human Immunodeficiency Virus
HRBA	Human Rights Based Approach
HSS	Health Sector Strategy
IHS	Integrated Household Survey
ITN	Insecticide Treated Nets
JOGMEG	Japan Oil, Gas and Metal National Corporation
JSSP	Joint Sector Strategic Plan
Kg	Kilogram
ICT	Information and Communication technology
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IFMIS	Integrated Financial Management Information System
IRD	Integrated Rural Development
IRDS	Integrated Rural Development Strategy
IRS	Indoor Residual Spraying
ISD	Irrigation Services Division
IWRM	Integrated Water Resources Management
JOGMEG	Japan Oil, Gas and Metal National Corporation
JSR	Joint Sector Review
JSSP	Joint Sector Strategic Plan
KPA	Key Priority Areas
LDC	Less Developed Country
LGA	Local Government Authority
LGDF	Local Government Development Fund
LGFC	Local Government Finance Committee
LLIN	Long Lasting Insecticide Nets
MAF	Millennium Development Goals Acceleration Framework
MARDEF	Malawi Rural Development Fund
MBS	Malawi Bureau of Standards
MK	Malawi Kwacha
M & E	Monitoring and Evaluation
MDAs	Ministries, Departments or Agencies
MDG	Millennium Development Goals
MDHS	Malawi Demographic Health Survey
MEDI	Malawi Entrepreneurs Development Institute
MEPC	Malawi Export Promotion Council
MFEPD	Ministry of Finance Economic Planning and Development
MGDS	Malawi Growth and Development Strategy
MHRC	Malawi Human Rights Commission
MIPA	Malawi Investment Promotions Agency
MITC	Malawi Investment Trade Centre
MIRTDC	Malawi Industrial Research and Training Development Centre
MK	Malawian Kwacha

MLGRD	Ministry of Local Government and Rural Development
MoAFS	Ministry of Agriculture and Food Security
MoIT	Ministry of Industry and Trade
MoGCDSW	Ministry of Gender, Children, Disability and Social Welfare
MoTPW	Ministry of Public Works
MOU	Memorandum of Understanding
MP	Member of Parliament
MRA	Malawi Revenue Authority
MSME	Micro Small and Medium Enterprise
MTEF	Medium Term Expenditure Framework
Mt	Metric Tonnes
MUST	Malawi University of Science and Technology
NDP	National Decentralisation Programme
NDS	National Development Strategy
NEPAD	New Partnership for Africa's Development
NGDS	National Growth and Development Strategy
NGO	Non-Governmental Organization
NEP	National Environmental Plan
NES	National Export Strategy
NESP	National Education Sector Policy
NGES	National Girls Education Strategy
NHRAP	National Human Rights Action Plan
NSI	National System of Innovation
NSO	National Statistical Office
NWDP	National Water Development Programme
OECD	Organisation for Economic Cooperation and Development
OPA	Organizational Performance Agreement
OPC	Office of the President and Cabinet
ORT	Other Recurrent Transaction
OVOP	One-Village-One Product
PCM	Project Cycle Management
PE	Personal Emolument
PER	Public Expenditure Review
PFM	Public Financial Management
PLWHA	People Living with HIV and AIDS
PFMS	Public Financial Management System
PMTCT	Prevention of Mother-To-Child Transmission
PPP	Public Private Partnership
PSIP	Public Sector Investment Programme
RACER	Relevant, Accepted, Credible, Easy and Robust
R & D	Research and Development
RDC	Rural District Council
RISDP	Regional Indicative Strategic Development Plan
ROM	Results Oriented Monitoring
SADC	Southern African Development Community
SEDOM	Small Enterprise Development Organisation of Malawi
SDG	Sustainable Development Goal
SGL	Sanders Geophysics Limited
SMART	Specific, Measurable, Assignable, Realistic and Time-related
SME	Small and Medium Enterprise
SMEDI	Small Enterprises Development Institute
SP	Sector Plan

SRBDP	Shire River Basin Development Programme
SSA	Sub-Saharan Africa
SS	Sectoral Strategy
SWAp	Sector-Wide Approach
SWG	Sector Working Group
TA	Technical Assistance
TB	Tuberculosis
THE	Total Health Expenditure
TOR	Terms of Reference
TEVETA	Technical Education Training Authority
TVET	Technical Vocational Education Training
T&T	Travel and Tourism
TWG	Technical Working Group
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV and AIDS
SAT	Southern African AIDS Trust
UNCA	United Nations Country Assistance
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNESCO	United Nations Education and Scientific Council
UNFPA	United Nations Population Fund
UPR	Universal Periodic Review
USA	United States of America
YEDF	Youth Enterprise Development Fund
WAP	Working Age Population
WFP	World Food Programme
WHO	World Health Organization

EXECUTIVE SUMMARY

Analysis of MGDS II achievements

1.1 The Government of Malawi must be complimented for embarking on an ambitious strategy for the country over the past 5 years. Malawi developed many sectoral policies and strategies which became part of the overall strategy to implement the Malawi Growth and Development Strategy (MGDS II). Despite unforeseen challenges, the country has placed itself on a path where, if certain bold steps are taken, the achievement of sound national transformation and self-sustaining growth and development can be reality.

1.2 Malawi made significant progress towards achievement of some of the targets relating to the 2015 Millennium Development Goals (MDGs). The country registered remarkable progress in the national response to HIV and AIDS, as evidenced through the decline in the number of new HIV infections and decline in AIDS related deaths. Malawi's rapid and successful Antiretroviral Therapy (ARV) scale up has critically influenced the HIV epidemic reducing mortality, morbidity and transmission. Malawi achieved and surpassed the MDG target on provision of safe drinking water. However, there remain large segments of the population in need of safe drinking water nation-wide.

1.3 While this Review notes the need to accelerate efforts towards achieving gender equality, some steady progress has been registered during the MGDS II implementation period. Between 2012 and 2014, the country had women's representation at the highest political level. There has been increased girl to boy ratio in primary and secondary education enrollment, leading to parity. An enabling legal environment has also been created for the promotion of gender equality and women empowerment through the enactment of laws related to inheritance, gender equality, marriage and trafficking. The relevance of gender responsive laws and policies is gradually being appreciated in emerging frameworks (for example, transport, mining, energy). Contraceptive prevalence rate has increased from 42 percent in 2010 to 58.7 percent in 2014, thus closing in on the MDG target of 60 percent. Despite remaining high, maternal mortality rates declined from 675/100,000 live births deaths in 2010 to 574 deaths/100,000 live births in 2014. Although concrete institutionalization remains outstanding, the pursuit of gender programming by 'non-traditional' Ministries such as Transport and Trade has been encouraging. So has the championing of the 'He for She' agenda at the highest political level.

1.4 The Government of Malawi (GoM) thrust on Public Sector Reform, Public Financial Management (PFM), IFMIS, Organisational Performance Agreements, implementation of the Decentralisation Policy, are all steps in the right direction. The Programme Based Budgeting, currently being pilot tested in a number of sectors is also a commendable effort by the GoM to steer the country into self-sustaining growth and development. The embracing of the Sector-Wide Approaches (SWAs) and establishment of Technical Working Groups (TWGs) in a number of key sectors such as Agriculture and Food Security, Transport, Water Supply and Irrigation, Education, Health, Trade, Industry and Private Sector is a major effort undertaken by the Government of Malawi to establish functional structures to spearhead the implementation of the MGDS II. Through the Department of Economic Planning and Development, the GoM also sought to strengthen monitoring and evaluation systems across the sectors, from central to decentralized levels. This is with a view to strengthening evidence-based planning. Despite these efforts, there are a number of challenges and opportunities that have been examined in this MGDS II Review and the Comprehensive Country Situation Analysis undertaken in the course of this assignment.

Analysis of MGDS II gaps in relation to the next National Development Strategy

There is need for the next national growth and development strategy to address the following gaps:

1.5 Developing an accountable public sector: The development of a socially accountable Public Sector, within the framework of the Public Sector Reform Programme, PFM and IFMIS is a priority, with renewed focus to strengthen truly results based monitoring and evaluation systems at all the levels.

1.6 An enabling private sector environment is needed to improve Malawi's doing business indicators and global competitiveness rankings, which are very low in comparison to other countries in the region. This is central to growing a vibrant economy, with potential positive multiplier effects.

1.7 Population growth and demographic dividend: The enforcement of measures to arrest unsustainable population growth, taking advantage of the demographic dividend is pivotal to national transformation. Key actions on maximizing on the demographic dividend are:- (a) Developing inclusive, pro-employment job-rich growth, poverty reduction targets; (b) To reduce youth unemployment, there is need to strengthen the capabilities of micro, small and medium enterprises (MSMEs) to enable entry by young women and men to access decent jobs, with a focus on entrepreneurship training for the youth, technical and vocational skills development, access to finance/micro finance institutions (MFIs) and support to value chain development where large numbers of women and youth operate.

1.8 Children and social protection: The plight of Malawian children on the basis of key indicators, from education, social protection and vulnerability, health, food and nutrition status leaves a lot to be desired. The GoM is urged to establish conducive conditions that enable truly integrated and holistic approaches to tackling critical issues that relate to children including orphaned and vulnerable children (OVCs).

1.9 Women and girls: The fact that 52 percent of the population has poor development indicators means that national development will hardly be achieved so long as there is underperformance in changing the status of women and girls at practical level. Adopting multi-sectoral strategies to firmly work on the unfinished MDGs agenda whereby all four MDGs that were not met have direct gender connotations means confronting and overturning the following realities: 50 percent of girls in Malawi marry before the age of 18 years, making Malawi's child marriage rate the 8th highest in the world. Adolescent birth rate is around 137 birthes per 1,000 girls, the 3rd highest in SADC. While maternal mortality rate has dropped to 510 deaths per 100,000 live births, globally, Malawi still remains amongst the top 20 countries with the highest maternal deaths. HIV prevalence for adult women is 13 percent, compared to 8 percent for men. The HIV prevalence rate for younger women aged 15 – 24 (5.2 percent) is the worst when compared to their male counterparts (1.9 percent). At an average of 5 births per woman, Malawi's Total Fertility Rate is very high and inconsistent with gains made in respect of the Contraceptive Prevalence Rate.

1.10 Enhancing food and nutrition security, water and sanitation: Taking forceful measures to implement a national food and nutrition security strategy, incorporating food safety and standards, in view of high levels of food and nutrition insecurity, as evidenced by continued high stunting rates for children. The linkage between water and sanitation with other sectors needs to be considered through a strategic planning process, to support balanced and sustained growth and development for Malawi.

1.11 Banking and Finance: The lack of attention to banking and finance sector in the MGDS II planning is a major omission that ought to be addressed in the next national development strategy. The sector has strong linkages to national resource mobilization and competitiveness of the private sector.

1.12 Labour and employment: There is need to focus on employment and labour market policies and planning with a view to removing binding constraints to growth for women, youth, people with disability, people living with HIV and AIDS, and those facing different forms of discrimination in the labour market.

1.13 Travel and Tourism, including wild-life: The sector has massive unexploited potential (Refer to spectral analysis).

1.14 Justice, legislative reforms and enforcement of the law: Without adequate legislation, many policies and turnaround measures and enabling instruments cannot be implemented and hence lack of progress even in areas where critical actions are required at central and decentralized local government levels.

1.15 Poverty Reduction: Under the MGDS II, Malawi has not achieved the poverty reduction consistent with her international commitments as represented by the MDGs. Poverty has remained high, with the Integrated Household Panel Survey (2013) showing headcount poverty remaining largely unchanged between 2010 and 2013, at 40.2 percent and 38.7 percent, respectively. Between 2010 and 2013, urban headcount poverty rose from 17.9 percent to 26.2 percent whilst rural poverty is reported to have fallen marginally, from 44 percent to 40.9, respectively.

2. Key Recommendations

2.1 Stronger linkages between MGDS II and National Vision: There is need for stronger linkages between the next national growth and development strategy and the National Vision 2020, in view of the apparent disconnect between the MGDS II and the national vision. The strong linkage is critical for broad based ownership, improved accountability, monitoring and evaluation and sustainability.

1.8 Macroeconomic Framework: In view of the status of the macroeconomic framework, with its critical assumptions which were largely unmet during the MGDS II period, there is need to adopt an aggressive turnaround strategy to reverse the negative trends that prevailed during the MGDS II implementation. This involves measures linked to regional integration within SADC and COMESA.

1.9. Land Administration: The issue of access to land (gaps in land administration, tenure laws) was not accorded high priority in the MGDS II. The GoM is urged to facilitate a land audit with a view to identifying all idle or under-utilized land in all areas. Such land must be availed for productive investment purposes, for example, agri-business value chain development, private sector and MSME development initiatives, urban and peri-urban housing development and for other purposes as shall be deemed priority in the next NDS.

1.10 National Advocacy Strategy for the MGDS II Successor Strategy: The forthcoming national growth and development strategy must be disseminated to all beneficiaries. A coherent communication, advocacy and dissemination strategy for the successor to the MGDS II is foreseen.

1.11 Legislative reforms and enforcement of the law: There is need to identify key pieces of legislation (new, archaic, requiring amendment) which are significant to progress in newly identified priorities in the context of the next national development strategy (NDS), and ensure fast-tracking of the legislation, for example, those related to key Public Sector Reforms, PFM reforms (national audits, public procurement, Human Resource Management and control, IFMIS. The binding constraints linked to lack of enforcement of existing laws, ambiguity in the application of the rule of law, which are rooted to issues of governance, corruption, lack of accountability and transparency also need to be tackled decisively.

1.12 Improving the Design and Relevance of MGDS II: To improve the design of the next NDS, more attention needs to be paid to analysis of the binding constraints in Malawi, their sequencing and addressing them in a manner that enables development bottlenecks in all sectors to be tackled decisively.

1.13 Approach to improving on effectiveness of the NDS: The GoM must initiate and sustain broad based consultations and full engagement of all stakeholders, including CSOs, Academia, DPs and the private sector, at all stages, from planning, implementation reporting, monitoring and evaluation. The GoM must also consider all lessons learnt from the MGDS II, with a view to informing the next NDS.

1.14 Structural Organisation of the MGDS II and coordination arrangements: Full engagement with Office of the President and Cabinet (OPC) is required to ensure higher level control and management of the development process, quality control structures, delivery of results, reporting and accountability at all levels from the Executive, Cabinet, and Parliament, right down to local government level. The approach must also be linked to the organisational performance assessment (OPA) for key managers, starting from Accounting Officers, Principal Secretaries to Directors of Ministries and Departments and other key staff.

1.15 The overall M & E Framework: In view of the state of the M & E framework, there is need to enhance capacity building at all levels in gender sensitive data management, M & E – at all levels. Focus must be on results based reporting, accountability for rights and gender based outcomes across all sectors.

1.16 Enhancing the effectiveness of Sector Wide Approaches: The GoM must establish a system that enables SWAp to be more effective, achievement and results based.

1.17 Partnership Strategy: GoM take leadership in ensuring that partnerships with a wide range of stakeholders are fully functional, nurtured and sustained through more practical efforts at all levels.

1.18 Decentralisation Policy: The GoM must ensure that the next NDS is mutually reinforcing with the National Decentralisation Policy and the draft Integrated Rural Development Strategy. The formal approval process of the IRDS and its implementation must also be expedited, with consideration of lessons learnt in the Decentralisation Programme and also relating to resources mobilization and accountability.

1.19 Gender equality and the MDGs unmet targets: Malawi's inability to meet four MDGs (eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and the empowerment of women; and improving maternal health) is noteworthy. The underlying factors behind the inability to meet those targets need to be unpacked with a view to informing the SDGs. The analysis of the unfinished MDGs agenda should be countered by more strategic thinking on further prioritization of development

indicators where there is substantial evidence that meaningful headway is not being achieved. Renewed effort to integrating gender equality in all aspects of programming in all sectors (e.g. through a tight connection between gender responsive budgeting and programme based budgeting) would be a game changer to achieving sustainable and inclusive development. This would require all sectors to persistently address the 'equity' question, for instance, which subgroup of women or men is facing barriers to different aspects of development in a sector? What barriers? What action is a sector pursuing to remove the hindrances and ensure inclusive development? The 'human rights' question is also important, as it would put people at the centre of development planning efforts so that their rights (and the right to development in particular) are realised. The 'women' question is particularly fundamental since lack of meaningful development by 52 percent of the population means that women and girls will not be left behind alone, but they will drag the development of the whole nation down with them.

1.20 High impact zones for promoting *de facto* gender equality: The evidence is clear that addressing child marriage in Malawi has to be a key priority if national development is to sustainably improve. This is because child marriage has heavy opportunity and financial costs on good governance, population and demography, health and nutrition, education, labour force participation, earnings, public and private social spending, household growth potential, and overall economic growth. Additionally, compelling evidence in this review shows that Malawi will take more meaningful developmental steps by acting decisively to address barriers to development that have been noted at global level such as: women's legal rights through implementation and enforcement of existing laws; women's unlocked economic potential; women's under representation in politics and decision making positions; violence against women; low labour force participation; low maternal and reproductive health; unequal education levels between women/girls and men/boys; financial and digital exclusion; time that is spent on unpaid care work and girl child vulnerability. These high impact areas resonate with the nine targets under Sustainable Development Goal 5 (achieve gender equality and empower all women and girls). Moving forward, it is therefore key to comprehensively analyse the role that each key priority area (in the MGDS II successor) can play in contributing addressing these issues and reversing the poor development indicators of girls and women; and adopt, under each key priority area (KPA), a strategy and indicator(s) for ensuring that each KPA is systematically contributing to the reduction of social and gender inequalities in practice.

1.21 National Statistical System: There is need to base national growth and development strategies on evidence based analysis and programming, which is gender disaggregated. Investment in building the technical and human resources capacities of the NSS is central to ensure updating of baseline data.

1.22 Resources Mobilization Strategy: The GoM must ensure that all development aid is aligned to the national development strategy, with clear guidance on investment in strategically identified priority areas. Malawi needs a strategically designed resources mobilisation strategy, combining in a sustainable manner, resources from domestic and potential international sources. New bold measures to renew confidence in the country's capacity to manage efficiently, the economy and key national resources are a MUST.

2. Sectoral Analysis Summary

A sectoral analysis summary of findings from selected MGDS II intervention areas is as follows:-

2.1 Agriculture and food security

The MGDS II document makes fair reference to growing the agricultural sector through improved agricultural productivity and diversification. However, at implementation level, the provision of strategic and tangible support to improving agricultural productivity in targeted sub-sectors and agri-based value chains was ‘crowded out’. Even in the case of maize, the major staple crop, Malawi’s largely rainfed dependent farming faced yield fluctuations in crop output, with a struggle to meet the SADC Regional Indicative Development Strategy (RISDP) minimum target of 2,000 tonnes per hectare. In the absence of commitment to implementing the sectoral growth and diversification strategy, Malawi continues to depend too heavily on tobacco export earnings, which is neither sustainable nor desirable in view of the global threat to the tobacco industry resultant upon the anti-smoking lobby, which is active in most of Malawi’s tobacco destination markets. Whilst the Farm Input Subsidy Programme (FISP) offers opportunities because it has enabled smallholder farmers to access subsidized fertilizers to improve their maize output, it faces enormous challenges because there is growing national consensus that the FISP has resulted in the crowding out of key investment required to transform the agricultural sector. Key examples are in building national agricultural research and extension capacity and overall technological capability within the sector as well as increasing access to credit facilities for smallholder farmers (the majority of whom are women). Despite identification of substantial agri-business potential, this has resulted in stagnation and a less than desirable performance of agriculture and agri-based industries in Malawi. With women as key sector actors there is also the concern that mainstream agriculture interventions still have a lot to do to ensure that gender mainstreaming permeates all agriculture programmes.

2.2 Water and Irrigation

Against the background of failures associated with rainfed farming, the development of the country’s irrigation potential is the surest way of ensuring sustainable agricultural transformation and food self-sufficiency. Despite Malawi’s massive irrigation potential of up to 471, 000ha, only a relatively small proportion of irrigable land has been fully exploited, with about 21 percent of the existing potential realized. At the policy level, lack of clear coordination of irrigation and water project implementation arrangements between responsible Ministries and other co-implementing Ministries/Agencies/Institutions or stakeholders and land disputes which derail project implementation, are some of the challenges faced. Notable at the sectoral level, are low technological capabilities, characterised by lack of skills to drive the sector, with the overall quality of existing contractors being below expectation. The sector needs to be prioritized in terms of resource allocation, and building technological, human resources capacities to enable realization of the existing potential.

2.3 Energy

Malawi continues to suffer deficits in almost all areas of energy since demand for energy is outpacing the country’s ability to provide and sustain energy goods and services. Under MGDS II, Government moved decisively to deal with fuel shortages. The liberalization of the exchange rate, reintroduction of the automatic pricing mechanism, and allowing for full pass through from international prices to local pump prices, resulted in rising and volatile prices, but stabilized fuel availability and cleared arrears owed to supplier that had accumulated earlier. The creation of a national oil company to manage strategic fuel reserves and bulk imports of fuel, and the construction of 60 days’ worth of addition fuel storage capacity brings the national storage capacity to 75 days to get Malawi closer to the fuel security target of 90 days. In the power sub-sector, problems persist and are growing. Malawi’s electricity penetration of 9 percent is the second lowest in the world. The recent addition of 64 MW

from phase II of Kapichira increased national installed capacity to 350 MW but this capacity remains lower than peak demand and power shortages persist.

To achieve and sustain economic progress, Malawi needs to decisively deal with electricity supply which is characterized by lack of an Integrated Resource Plan (IRP); over-reliance on one type of technology (hydro power) and one river for all power generation; over-reliance on foreign financing for projects; constant shut downs due to technical problems arising from environmental degradation; obsolescence of generation technology; inadequate maintenance funding and delayed project implementation; high technical and non-technical losses in transmission and distribution; and vandalism of infrastructure and installations. Malawi ought to diversify away from hydroelectricity and Shire river, transform the Rural Electrification Fund into a fully fledged Energy Fund to fund power development; use the local financial market and innovative finance on the international market to fund power development. Key gender issues that are affecting the development of the energy sector include: poor programmatic focus on how the planning, targeting and spending of energy resources can meet the different priorities of men and women, including in poor households; low focus on how investments for grid and off grid electricity can be balanced so as to meaningfully improve social services in rural communities, with the aim of improving (maternal and child) health, education, and security, amongst others; and generally negligible attention on how all energy subsectors can contribute to improving women's economic and social status throughout all their operations. Energy policy and national development priorities in the field of energy have to respond sufficiently to these challenges.

2.4 Private Sector Development, Industry and Trade

The Africa Competitiveness Report 2014/15 ranked the country 136th out of 148 countries surveyed, with extremely low rankings for infrastructure (131st) macroeconomic environment (144th), health and primary education (123rd), higher education and training (132th), technological readiness (135th) and market size 123rd). The World Bank Ease of Doing Business Report (2015) ranked the country at 164th out of 189 economies on the ease of doing business. The rankings depicts Malawi **with one** of the most difficult business environments in the world. Key challenges cited in the 2015 Malawi Doing Business Survey include bottlenecks encountered in starting a business (ranked 157th), getting electricity (ranked 181th), getting credit (ranked 151th), trading across borders (ranked 170th), enforcing contracts (ranked 154th) and resolving insolvency (ranked 166th). The MGDS II Review notes that although effort has been made during the period of implementation of the national development strategy, there remains substantial work to reverse the negative business trends. Key recommendations concern active measures to improve the business operating environment and overall competitiveness. Appropriate legislation is needed, in a timely manner, accompanied by active measures to enforce existing laws. To improve the technological capability overall, the country needs to adopt and adapt to technological advancement, new methods and processes, new ways of doing and organizing business, including progressive ways of managing public-private sector relations. The implementation of the Micro Small and Medium Enterprises (MSME) Policy and the National Export Strategy (NES), amongst other policies and strategies are amongst some of the outstanding issues to developing a dynamic private sector. An MSME report of 2012 established that only 0.3 percent of women businesses were in the medium enterprises category as opposed to 4 percent for men—suggesting the need for increased creative and affirmative strategies to ensure that women too are participating in private sector development, industry and trade.

2.5 Mining

Mining sector holds a lot of unrealized promise. The Kayerekera Uranium Mine, commissioned in 2009 remains the largest investment in the country's mining sector and

temporarily demonstrated the transformative potential that mining can bring. Between 2009 and 2014, mining and quarrying output grew from MK7 Billion to MK 59 billion (of which MK47.75 billion was from Kayelekera mine) and the share of mining in GDP rose from 0.8 percent to 5.3 percent in 2014. Malawi mining sector is beset by issues of technical capacity, and governance. Within the past four years, Malawi issued exploration licenses for all six blocks of oil and gas only to suspend them and subject them to review. While sensible and nationalistic, this runs the risk of adding uncertainty to the mining governance regime and raises political risk rating and may affect the future cost of raising funds for mining ventures in Malawi. In addition, although the law specifies the royalty and taxes payable, the general fiscal regime in mining remains negotiable, leading to delays in finalizing mining development agreements and opening of opportunities for rent seeking behaviour. Mining in Malawi is constrained further by lack of up to date geological information so that recently launched results from the countrywide airborne geophysical survey hold so much promise. Malawi needs to invest in facilitating reality checks on the ground, including production of a detailed geological map. Malawi ought to establish a national mining investment company to hold interest on behalf of the people of Malawi and also incubate specialized expertise in modelling and mining agreement negotiation; develop a model Mining Development Agreement and Production Sharing Agreement and introduce efficiency in negotiations of mine development agreement by making the fiscal regimes in mining predictable, non-negotiable and binding. Ensuring the existence and implementation of strong policy and legal frameworks for the participation of both women and men in local content is key.

2.6 Travel and Tourism

Although the Travel and Tourism (TT) sector in Malawi is still in its infancy, it represents a potentially high growth export service sector. It offers great potential for the development of the country as a source of high contribution to GDP growth, foreign exchange earnings, and employment. During the MGDS II period, resource allocation for the sector was by far misaligned to the challenges that need to be tackled for a vibrant tourism industry to emerge. The critical actions required to turn around the TT sector are: (a) Developing, updating and enforcing laws, including investment in natural resources management; wild life management support, with a view to generate more viable tourism business. To deal with the issue of fluctuating, inconsistent and uncompetitive investment incentives that discourage private investments, there is need to develop consistent, supportive and women friendly investment incentives for small, medium and large investors. There is also need to invest much more in support infrastructure and services, such as electricity, water and transport; energy, water and airports, including development of new roads and rehabilitating existing ones.

2.7 Transport Infrastructure and Nsanje World Inland Port

An efficient transportation system is stated as one of the drivers of economic growth and development for the country. The state of Malawi's national transport infrastructure is characterized by inadequate road networks, unexploited and inadequate access to ports, inadequate air links, and inadequate freight and rail capacity. Transport costs in Malawi are among the highest within the SADC region. This compromises the competitive edge for Malawian products on the international market and increases the costs of imports. Road transport remains the major mode of transport in Malawi handling more than 70 percentage of the internal freight traffic and 99 percentage of passenger traffic. Binding constraints are in the area of inadequate policy, supportive legislation and weak regulatory environment, with measures required to enact new laws and develop new policies, whilst enforcement of laws has been a major challenge. The need to prioritize the sector in terms of public resource allocation, and especially focusing on priority projects, ensuring sustainability and adequate M & E is central to developing the sector. Low technological capability in the sector, low

skills formation to deliver on high quality outputs and services are notable. Tackling of supply side bottlenecks include increased public sector investment, ensuring easier entry and exit by private investors would increase sector competitiveness. On the demand side, the transport sector has positively developed a gender responsive policy that seeks to improve the competitiveness of Malawi's transport system to better meet the needs of different population groups. Consistent resource commitments are necessary to fully meet the policy's social and gender targets.

2.8 Integrated Rural Development

Given that a large majority of Malawians, over 80 percent are in rural areas, and the country has a Decentralization Policy, and a Draft Integrated Rural Development Strategy, Malawi is positioned for more inclusive growth and development. Although progress has been made with Decentralisation, success has been limited by lack of funding of District Councils; inability to align local government development planning, low gender responsive budgeting skills and inadequate M & E. Implementation of major programmes has also encountered challenges because of the inability of District Councils to generate revenue through local collection systems. Widespread rural poverty has been a challenge to resource mobilization in rural areas. There is need for the GoM to demonstrate commitment, first by resource allocation to District Councils, and expediting devolution of decision making power and responsibilities to local government authorities. Also critical is the need to ensure support to decentralization and compliance by public servants to measures agreed and stated by central government. There is need to accelerate the pace of public sector reforms, PFM, including the IFMIS and realignment of sectoral policies and strategies to priorities of integrated rural development and decentralization. There are opportunities for scaling up decentralization with the use of development best practice from other countries in the region, including neighbours.

2.9 Education, Science and Technology

The Ministry of Education is the single largest beneficiary of the public resources, accounting for about 20 percent of the budget. It is also the largest employer with close to 80,000 employees. Access to primary education has increased but universal access is still far from being achieved. The primary net enrolment rate stands at 89. Due to high repetition rates, primary education has also become more inefficient and wasteful (Gross enrolment rates (GER) 128 among boys and 121 among girls); with more resources spent on teaching students the same material many times over. Classes have become more crowded and resources per student are spread more thinly. During the MGDS II period, the primary pupil to classroom ratio has increased by 10 percentage points to 111:1; and there is 78 pupils per qualified teacher. Because of the weak learning environment, learning outcomes remain low.

In secondary schools, access is still a problem with many youths in the official secondary-age bracket not attending school (GER of 38 and 31 percent for males and females of the secondary school aged population, respectively). The quality of education is unsatisfactory. One-third each of secondary school teachers are degree and diploma holders while the other third are under-qualified primary school teachers. Although the average quality of secondary education seems to have improved to 26 pupil per teacher, in reality there are 44 pupils to a qualified teacher and over 150 students per science teacher. Overcrowding has become a problem with the number of students per classroom rising to 56. However, the past decade has seen improvement in ratio of girls to boys 0.6 in 2000 to 0.9 in 2015.

Access to higher education has been increasing but remains low and fairly elitist. Recent increase in access from 52 to 80 students per 100,000 inhabitants is still lower than 299 student per 100,000 inhabitants in Sub-Sahara Africa. Higher education in Malawi remains extremely

inequitable; it is heavily subsidized but only 3 percent of government subsidies go to the lowest two quintiles while 82 percent to the highest. A significant milestone has been achieved with the tertiary quota.

The sector is beset by problems including low survival rates, especially for girls, high repetition rates; rising cost due lack of full or reasonable cost recovery in secondary and higher education; weak capacity to manage resource and performance including infrastructure development; weak public finance management systems; and uncertainty over donor commitments due to recent revelations of weak public finance management system. In the end, to improve education in Malawi compulsory primary education and the National Girls Education Strategy (NGES) have to be supported by strategies that seek to transform attitudes towards girl education especially at household level. Aligning the plan to education programming will also become necessary.

2.10 Public Health

The Constitution of the Republic of Malawi obligates the State “to provide adequate health care, commensurate with the health needs of Malawian society and international standards of health care”. Although the constitution does not explicitly indicate that health has to be provided free of cost at point of delivery, it has been generally understood that the Constitution guarantees that all Malawians will be provided with free health care. Consequently Malawi’s health sector is beset by financing problems. Malawi’s per capita expenditure on health (USD 34) falls far short of the USD 54 per capita expenditure as recommended by WHO and Government’s own spending on health is below regional peers and comparators and inadequate to deliver Malawi’s Essential Health Care Package (EHP). Consequently, Malawi continues to have some of the world’s lowest health indicators, although some gain can be observed. Child mortality has declined but remains above the targets set in the Health Sector Strategic Plan (HSSP). Attempts to improve child health are undermined by poor nutrition, with chronic malnutrition standing out as the main problem. Malawi has also regressed with regard to full immunization coverage. Problems in maternal health also persisted during the MGDS II period. Whilst the maternal mortality rate declined it remained much higher than what was projected in the Malawi HSSP.

Malawi’s HIV and AIDS programme is the redeeming element of health sector efforts and remains a best practice in HIV and AIDS response. Malawi achieved marginal reduction in HIV prevalence among adults aged 15 – 49 years; about half of all people living with HIV and AIDS are on ART; and Malawi has been successful in the Prevention of Mother to Child Transmission (PMTCT) of HIV. Under option B+, the percentage of HIV+ pregnant women who were on ART at the end of their pregnancy more than doubled and exceeded the HSSP target. However, Malawi needs to deal with two main issues: (a) health financing and, (b) human resources for health. The country needs to expand training of health personnel, including specialists and establish a Human Resources Planning System, which ensures smooth recruitment and high staff retention. Given the narrow GoM fiscal space, innovative ways of health financing, including PPPs, are needed. Government must also consider increasing cost recovery based on ability to pay. The introduction of a national health insurance is also a must.

2.11 Water Supply and Sanitation

During the MGDS II period, there has been improvement in the provision of safe drinking water, with a surpassing of the MDG target of halving the proportion of the population without sustainable access to safe drinking water. Malawi managed to surpass the MDG target of 67 percent and MGDS II target of 75 percent. However, there remains large segments of the population in both urban and rural areas without adequate access to water

supplies, with population growth outstripping the rate of increase in water supply infrastructure. To be sustainable, the sector still needs to maintain functionality of new and existing water sources at all times. With respect to sanitation, Malawi has not been able to meet the MDG target of 73 percent access to improved sanitation facility by 2015 and 75 percent and access to improved sanitation facility by 2016. There remains highly inadequate infrastructure for the provision of sanitation in cities, municipalities, towns and most rural districts.

From a policy perspective, most of the existing policies and Acts related to the water and sanitation component are outdated and due for review. The delay in reviewing and approving these policies and legal instruments poses a big challenge in the implementation of the National Sanitation Policy. The GoM and Parliament are urged to expedite the finalization and approval of all key bills to accelerate progress in the sector. Other recommended measures are (a) exploring innovative PPPs in the sector for sustainable financing of key programmes for both the urban and rural population; (b) establishing a fully fledged and capacitated Sanitation and Hygiene Department in the relevant ministry with a clear mandate and requisite human resources and operational budget to fast-track priority programmes.

2.12 Climate Change, Environment and Natural Resource Management

Malawi is amongst countries with low capacity to adapt to climate change, and limited capacity to manage the country's environment and natural resources, which include land, forestry, fisheries and water. Key challenges and constraints which limit the capacity of the country to adapt to climate change and in managing the environment and natural resources are: (a) Inadequate capacity and training at individual and institutional levels in the implementation of policies, rules and regulations; (b) inadequate expertise and equipment to determine the quantity, quality of various kinds of natural resources and lack of enforceable measures to use them to maximum benefit for the common good; (c) Inadequate capacity to mobilize investment and resources into environment and natural resources based industries. The outcome of these bottlenecks has been a plunder of natural resources through over-exploitation by self-interested opportunists. Women have been greatly affected due to increased energy poverty. On a positive note, Malawi has managed to develop an excellent array of policies and strategies, with a view to ensuring more sustainable use of the environment and natural resources, better capacity to cope of climate change. The policies, however, need to be implemented and laws enforced.

2-13 Democratic Governance

The Democratic Governance Sector in Malawi is constituted by nineteen institutions, and is relatively functional. However, the sector is affected by challenges related to: inadequate alignment between many institutional policies to the goals and mandates with existing laws and regulatory environment; poor implementation of existing laws and policies due to lack of implementation capacity and resources; low capacity by sector players to jointly lobby for resources or implementation of planned improvements. Sector institutions lack adequate capacity in foundational skills (including full appreciation of human-rights based approaches), technical skills, and specialized skills which are necessary for the performance of their mandates. Most monitoring and evaluation systems need strengthening, with attention paid to building capacity to qualitatively and quantitatively measure social inclusion. Capacity in gender responsive budgeting (GRB) across the sector is very low, resulting in lack of gender mainstreaming in operational as well as administrative mandates. According to the 2014 Corruption Perceptions Index by Transparency International, corruption in Malawi has worsened. Human rights institutions such as the Office of the Ombudsman, the Office of the Director of Public Prosecutions, the Malawi Human Rights Commission, the Anti-Corruption

Bureau and the Law Commission) are weakened by gaps on their mandates and powers in laws that establish them. Measures required to build a more effective Democratic Governance Sector include: sectoral analysis that identifies strategic key priorities within priorities (in order to concentrate resources in high impact interventions); development and implementation of a comprehensive sector capacity training plan that fully takes into account the National Human Rights Action Plan; the prioritization of sex disaggregated data and the implementation of gender responsive budgeting in all aspects of the sector; and law review in order to strengthen human rights institutions.

2.14 Gender

The country has made notable progress towards *de jure* promotion of gender equality through the adoption of laws and policies. What has lagged behind is *de facto* progress through the full implementation and enforcement of respective laws and policies. The common view is that sectors have “core business” that is separate from the agenda of gender mainstreaming. There is low capacity to make this *core business* gender responsive, which is what gender mainstreaming is all about. Where some gender equality interventions may have been performed, these are not usually part of MGDS II sector reports, again because of the attitude that reporting has to focus on core business. National gender indicators have not successfully facilitated the evaluation of outcomes of gender mainstreaming interventions, stand-alone gender interventions, and gender related laws and policies. Consequently, there has not been a unity of purpose across sectors in the collection of sex disaggregated data, including for purposes of uncovering of sectoral barriers and opportunities so that sectors can better achieve gender equality goals. Gender mostly continues to be narrowed down to numbers (and women). The focus is usually on making policies and strategies gender responsive (content) without matching this with systematic capacity and addressing the micro-politics of implementation. This is primarily because gender targets are often pushed by donors without being really understood by implementers. Gender results have therefore been mere administrative targets, and therefore inadequate action to use the results for programming lessons has been taken. There has been low emphasis by managers of sectors to understand that gender mainstreaming is a policy mandate and a sector priority. Ensuring that each key priority area in the MGDS II successor has clear gender mainstreaming strategies that are fully measurable and implemented can begin to tackle the existing shortcomings. The value of comprehensively building the technical and financial capacity of the Ministry of Gender in order to effectively coordinate sectoral efforts cannot be underestimated.

SECTION 1: REVIEW AND ANALYSIS OF THE MALAWI GROWTH AND DEVELOPMENT STRATEGY II (MGDS II)

1. BACKGROUND

1.1 Introduction and Context

The Malawi Growth and Development Strategy II (MGDS II) is the medium term strategy for Malawi designed to attain Malawi's long term development objectives. The strategy covers a period of five years, from 2011 to 2016. It is the successor to the country's medium term strategy, the Malawi Growth and Development Strategy (MGDS) between 2006 and 2011. Like its predecessor, the MGDS II seeks to continue reducing poverty through sustainable economic growth and infrastructure development.

The MGDS II identifies six broad thematic areas, namely; Sustainable Economic Growth; Social Development; Social Support and Disaster Risk Management; Infrastructure Development; Governance; and Cross-cutting issues: Gender and Capacity Development.

Within the six thematic areas, the MGDS II singles out nine key priority areas (KPA), as follows:

- i. Agriculture and Food Security;
- ii. Transport Infrastructure and Nsanje World Inland Port;
- iii. Energy, Industrial Development, Mining and Tourism;
- iv. Education, Science and Technology;
- v. Public Health, Sanitation, Malaria and Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) Management;
- vi. Integrated Rural Development;
- vii. Green Belt Irrigation and Water Development;
- viii. Child Development, Youth Development and Empowerment; (inc. Disability); and
- ix. Climate Change, Natural Resources and Environmental Management.

The selection of the key priority areas is designed to sustain and accelerate economic growth based on the available resources. Through the nine priorities within priorities and the thematic areas, the MGDS II is deemed capable of maintaining a balance among economic, social and environmental components of the economy. This was in turn designed to reduce poverty and bring about prosperity in the medium term while accelerating attainment of the Millennium Development Goals (MDGs).

1.2 MGDS II Thematic Areas at a Glance

Table 1.1: Summary of MDGS II Thematic Areas			
Thematic Area	Key priority areas (KPAs)	Lead Sector Ministry	Other Key Stakeholders, Civil Society, Non Governmental Organizations (NGOs), Private Sector (and United Nations (UN) agencies)
1. Sustainable Economic Growth	Agriculture and Food Security; Energy, Industrial Development, Mining and Tourism; Integrated Rural Development	Ministry of Finance and Economic Development Ministry of Agriculture, Irrigation and Water Development (to infrastructure) Ministry of Trade and Industry Ministry of Local Government and Rural Development Ministry of Information, Tourism and Culture (Ministry of Labour)	
2. Social Development	Education, Science and Technology; Public Health, Sanitation, Malaria and HIV and AIDS Management	Ministry of Education, Science and Technology Ministry of Health	
3. Social Support and Disaster Risk Management	Climate Change, Natural Resources and Environmental Management.	Natural Resources, Energy and Mining (mining to sustainable economic growth) Disaster and Relief Management	
4. Infrastructure Development	Transport Infrastructure and Nsanje World Inland Port; Green Belt Irrigation and Water Development	Ministry of Transport and Public Works Department of Irrigation and Water Development	
5. Improved Governance	Sub-themes i) Economic Governance ii) Corporate Governance	Ministry of Finance, Economic Planning and Development Office of the President and Cabinet	

	iii) Democratic Governance iv) Public Sector Management	Ministry of Justice and Constitutional Affairs	
6. Cross-Cutting Issues: Gender and Capacity Development	Child Development, Youth Development and Empowerment	Ministry of Gender Children, Disability and Social Welfare; Ministry of Youth and Sports Development	
Source: Government of Malawi, MGDS II, 2011-2016			

1.3 Thematic Areas

Theme 1: Sustainable Economic Growth

In the MGDS II document, it is recognised that sustainable economic growth is key to poverty reduction and improvement in the living standards of Malawians. Over the period of MGDS I implementation, Malawi registered progress in a number of areas including high economic growth, declining poverty levels, strong donor support, increased foreign direct investment and transformation in infrastructure. There were expectations that momentum for progress under this theme would be sustained during the period of implementation of the MGDS II. Malawi has, however, continued to face a number of challenges such as inadequate energy generation and supply, narrow export base, climate change, environmental degradation, and high unemployment.

To address these challenges, the Government through MGDS II was to implement interventions aimed at ensuring sustainable economic growth. Emphasis was placed on maximizing the contribution of potential growth sectors such as agriculture, mining and tourism, while creating an enabling environment for private sector participation and development; fostering job creation; empowering rural communities; ensuring equitable access to land; and enhancing sustainable use of the environment. The sustainable economic growth thematic area has eight sub-themes, which are: agriculture; natural resources and environmental management; mining; private sector development, industry and trade; rural development; tourism, wildlife and culture; labour and employment; and land. Of these agriculture, mining, natural resources and environmental management, industry, trade, integrated rural development, and tourism were isolated as key priority areas. The MGDS II, therefore, differentiated “focus areas” and “key priority areas”. For the “focus areas” specific policies and strategies were proposed to address the sub themes. However, many of these focus areas were not selected as KPAs, showing that these sub-themes fell through the cracks.

Theme 2: Social Development

The MGDS II document further notes that high rates of population growth have far reaching implications on the social and economic development of

any country. Consequently, the provision of social services such as health and education in Malawi was greatly affected by the prevailing population dynamics. There are six sub-themes in the thematic area, as outlined: population; health; nutrition; education; child development and protection; and youth development. Key strategies were proposed in the MGDS II to address concerns of population growth and malnutrition, amongst others. Of these six sub-themes, health, education, child development, and youth development were identified as key priority sub-themes, leaving out population growth and nutrition from the list of KPAs.

Theme 3: Social Support and Disaster Risk Management

The MGDS II document states that despite the country experiencing food surplus during the implementation of the previous strategy as well as the reduction in poverty levels and the impressive economic growth, segments of the population experienced extreme poverty and still required social support. Furthermore, the country continued to experience natural disasters that negatively affected national development and led to loss of lives. Droughts also contributed food insecurity in some places, giving rise to the need for humanitarian assistance. The Government of Malawi (GoM), therefore, undertook to continue to provide social support to the vulnerable and to strengthen disaster risk management. There was no key priority area identified from this thematic area.

Theme 4: Infrastructure Development

Under this theme, MGDS II acknowledges the key role that infrastructure plays in creating an enabling environment for private sector-led growth and provision of timely and quality social services. Five sub themes are spelt out under infrastructure development, namely: energy; transport; water development; information and communication; and housing and urban development. From the thematic area, energy, transport, and water development were identified as key priority areas.

Theme 5: Improved Governance

In the MGDS II design, there is recognition that good governance minimizes distortionary incentives and ensures equitable allocation and distribution of public resources. It enhances public security and safety, and guarantees property and personal rights, which in turn facilitates a conducive environment for private sector investment. Government recognized that the successful implementation of its development strategy depends on the prevalence of good governance. The GoM sought to continue to address issues related to access to economic opportunity, private sector participation, efficient stewardship of public resources, promotion of democratic governance institutions, and justice and the rule of law. Although focus would be placed on four sub themes, namely economic governance, corporate governance, democratic governance and

public sector management, there was no key priority area identified under this theme.

Theme 6: Gender and Capacity Development

Theme 6 focuses on Gender and Capacity Development, while recognizing that research and development, Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS), nutrition, environment, climate change, population and science and technology are all critical issues that cut across and impact on all sectors of the economy. Government admitted that MDG targets that were lagging behind had very pronounced gender connotations. Therefore, Government sought to reduce gender inequalities by promoting women entrepreneurship and involvement in cooperatives; promoting equal access to appropriate technologies and micro-finance schemes; advocating for affirmative action to increase representation of women in politics and decision making positions; strengthening gender based violence service delivery systems; strengthening legal and regulatory framework; and mainstreaming gender at all levels. Strategies to develop capacity at all levels for successful implementation of Government's development programmes would focus on reorienting and expanding existing investment in infrastructure and equipment; developing and strengthening human and institutional capacities, mainstreaming capacity development in all sectors and promoting effective performance management systems. Gender and Capacity Development (and the thematic areas, Social Support and Disaster Risk Management and Governance) were not key priority areas of the MGDS II.

1.4 Key Priority Areas for MGDS II

The MGDS II had nine key priority areas from the themes which are necessary to achieve rapid economic growth and improvement in the well-being of Malawians within the implementation period. The key priority areas were: Agriculture and Food Security; Energy, Industrial Development, Mining, and Tourism; Transport Infrastructure and Nsanje World Inland Port; Education, Science and Technology; Public Health, Sanitation, Malaria and HIV and AIDS Management; Integrated Rural Development; Green Belt Irrigation and Water Development; Child Development, Youth Development and Empowerment; and Climate Change, Natural Resources and Environmental Management.

1.4.1 Agriculture and Food Security

With a share of 33 percent of Gross Domestic Product (GDP), agriculture is central to food security, economic growth and wealth creation in Malawi. Yet agricultural development in the country faces a number of challenges which include over-dependence on rain-fed farming, low absorption of improved technologies, weak private sector participation, and lack of investment in mechanization. To address these challenges, Government

through MGDS II aimed at enhancing agricultural productivity, diversification and food security through, among others, the following strategies:-enhancing provision of effective extension services; enhancement of livestock and fisheries productivity; promotion of diversification of agricultural production for domestic and export markets; promoting dietary diversification; improving the functioning of agricultural markets; increasing national food storage capacity; and reducing post-harvest losses.

1.4.2 Energy, Industrial Development, Mining and Tourism

The MGDS II recognizes that a well-developed and efficient energy system is vital for industrial, mining and tourism development. Government planned to increase the generation, transmission and distribution of electricity and promote other energy sources with the aim of improving service delivery and increased output in the economy.

To promote industrial development, Government planned to undertake the following measures:-use of modern technology in manufacturing; facilitate accreditation of quality assurance institutions; undertake industrial reforms; promote product and market diversification; and, promote value addition in existing and potential products.

Government also planned to implement a number of strategies to promote mining and tourism sectors. The strategies include: enforcing legislations on sustainable use and management of mineral resources; promoting the development of high-quality tourism facilities in designated areas; providing infrastructure that is supportive to tourism and mining development; and, promoting participation of both local and foreign investors in the tourism and mining industries.

1.4.3 Transport Infrastructure and Nsanje World Inland Port

Government recognizes that good transport infrastructure is a catalyst for development. Better domestic and regional connectivity demands improved road, water, rail and air transport. While continuing with the improvement of the road network, Government sought to focus on rail and water transport infrastructure including the Nsanje World Inland Port.

1.4.4 Education, Science and Technology

The MGDS II recognizes that rapid development in all sectors of the economy requires a highly skilled and educated workforce, and the application of science and technology. To strengthen the education system and promote science, technology and innovation, Government planned to adopt the following strategies: constructing additional school infrastructure; training and recruiting additional teaching staff; strengthening girl education and related infrastructure; improving scientific and technological infrastructure for research and development

and strengthening innovation regulatory framework; and, promoting adoption, transfer and utilization of appropriate technologies.

1.4.5 Public Health, Sanitation, Malaria and HIV and AIDS Management

In the design of the MGDS II, there was recognition that a healthy population was necessary for sustainable economic growth and development. To ensure such a healthy population, Government planned to implement the following strategies: strengthening community health service delivery and health support systems; improving availability and access to maternal care services; strengthening initiatives for prevention, diagnosis and treatment of emerging non-communicable diseases; scaling up the delivery of Indoor Residual Spraying (IRS); scaling up of Long Lasting Insecticide Nets (LLINs); improve water and sanitation infrastructure and undertake public awareness and education campaigns to address the challenges in the areas of sanitation and hygiene.

1.4.6 Integrated Rural Development

A large proportion of Malawi's population is in rural areas. The GoM recognizes that improvement of living standards for rural communities is critical to the development of the country. In the MGDS II, Government planned to use an Integrated Rural Development (IRD) approach to resuscitate rural economies and transform them into potential drivers of economic growth and development. IRD sought establish a platform for empowering rural people to exploit socio-economic opportunities and tackle challenges for improving their livelihoods. To achieve this, Government planned to pursue a number of strategies, including: promoting the establishment of rural growth centres; providing basic amenities to the rural areas; promoting the establishment of satellite model villages; and, promoting the rural electrification programme.

1.4.7 Green Belt Irrigation and Water Development

Malawi is highly dependent on rain-fed agriculture, although the country is endowed with vast water resources. Government planned to continue embarking on the Green Belt Irrigation initiative to utilize water from lakes and perennial rivers to enhance the country's production of a variety of crops, livestock and fisheries. To achieve this, Government planned to pursue a number of initiatives, as outlined: developing irrigation infrastructure; enhancing technical and administrative capacities in irrigated agriculture; rehabilitating irrigation schemes and dams; promoting research in irrigation technology; developing potential groundwater resources; establishing piped water systems; rehabilitating water facilities throughout the country; and, promoting user friendly technologies for water resource conservation and utilization.

1.4.8 Child Development, Youth Development and Empowerment

Children and the youth constitute a significant proportion of the population of Malawi. In the MGDS II, it is noted that that investing in child development, youth development and empowerment are development priorities. In the medium term the approach was to ensure equitable access to quality child development services; and increased absorption of skills, technology and innovations by the youth. In this respect, strategies to be implemented are: promoting early childhood development and pre-primary education; protecting children against abuse; eliminating harmful cultural practices; improving youth's technical, vocational, entrepreneurial and life skills; and improving youth's access to credit facilities for entrepreneurship.

1.4.9 Climate Change, Natural Resources and Environmental Management

In the MGDS II design, there is recognition that natural resources form a principal source of social well-being and economic development in Malawi. However, the resources are known to be under constant stress from climate change and unprecedented human, industrial and other developmental activities. To tackle the key challenges, Government planned to adopt a number of strategies including: developing adaptation and mitigation measures to climate change related impacts; improving coordination of environment and natural resource programmes; promoting bio-diversity conservation programs; promoting development and implementation of Clean Development Mechanism (CDM) projects; promoting projects on waste management and air pollution and other environmentally friendly technologies and practices; and, developing, conserving and protecting forest plantations and natural woodlands.

1.5 Objective and Scope of Assignment

The objective of the assignment is to review, assess of effectiveness of the MGDS II in achieving stated objectives, relevance and effectiveness of strategies and interventions; analysis of MGDS II in attainment of results and making recommendations for the next national development strategy. This incorporates a comprehensive country situational analysis, sectoral analysis of key priority areas (KPAs), noting key constraints and recommendations to take into account in formulating the next national development strategy.

1.6. Methodology

The methodology has been multi-pronged, comprising of secondary data gathering in the form of a desk review of relevant documents including: all the MGDS II Annual Review Reports; national policy and strategy documents; national policy and sectoral strategy implementation review documents; MDG progress reports, including the MDG Endline Report,

report documenting the nation-wide consultation on the post-2015 national development agenda, among others.

The exercise involved conducting broad-based consultations with stakeholders associated with the implementation and monitoring of the MGDS II, under the leadership of the relevant lead Sector Ministries or members of sector working groups (SWGs); local government authorities (LGAs), District Councils, consultations with non-state actors, such as Civil Society Organizations (CSOs), private sector, academia and other stakeholders representing groups advocating for the empowerment of women, the girl child and youth. The mechanism of engagement included use of semi-structured questionnaires, focus group discussions, individual interviews, use of key informant interviews and opportunistic use of workshops centred on other development agenda but with special interest in MGDS II implementation and progress.

The process involved the following steps:-

- i. Preliminary meetings with Ministry of Finance Economic Planning and Development (MFEPD), United Nations Development Programme (UNDP) and other Ministries, Departments or Agencies (MDAs) – pave way for more substantive consultations.
- ii. Production of an Inception Report – guiding document for the review process.
- iii. Conducting a desk review of relevant documents.
- iv. Conducting wide-ranging group and individual consultations with identified stakeholders.
- v. Production of First Draft Review Report: focus on lessons learnt.
- vi. Sharing and presenting the First Draft Report.
- vii. Revising First Draft Report - based on comments from the MGDS II Reference Group.
- viii. Preparation of the final MGDS II Review and Comprehensive Country Assessment Report.

1.7 Deliverables

- An Inception Report, includes: timetable for completion of the MGDS II Review and Analysis Report, milestones, tentative report outline.
- A National Review and Lessons Learnt Report, which summarizes the results of the review and assessment phases.
- A final MGDS II Review and Comprehensive Country Assessment Report, identifying key priority areas for the next medium term national development strategy including strengths, weaknesses, opportunities.

- Final Summary Report to Steering Reference Group, taking into consideration recommendations for future work, where appropriate.

2. MGDS II DEVELOPMENT CONTEXT: CHALLENGES

2.1 Realisation of Assumptions Underlying the MGDS II

The successful implementation of the Malawi Growth and Development Strategy was premised on the realization of a number of assumptions, including:

- The country sustains and accelerates real GDP growth rates to continue on its poverty reduction path;
- Prudence in management of fiscal and monetary policies;
- Continued political stability;
- Conducive macroeconomic environment;
- Increased diversification and value addition of export commodities to effectively drive export led growth;
- Effective aid management and further improvements in domestic debt management;
- Adequate resources and capacity to implement MGDS II activities;
- Good Governance is entrenched and institutionalized to avoid wastage of scarce resources;
- Effective social protection programmes are designed to mitigate negative side effects of growth and development; and
- Continued political will.

2.1.2 Assumptions on the Macroeconomic Framework

In addition to the broad assumption underlying MGDS II, a number of assumptions were also made regarding the evolution of the macro-economy, in terms of output and prices, fiscal operations and external sector developments (relative to GDP). Prospects for high growth were premised on building upon gains from MGDS I and projected to be driven largely by agriculture, mining, distribution, construction and the services sector. Under these assumptions, the economy was expected to achieve an annual growth rate of 7.2 percent while average annual inflation would decline from 8.7 percent in 2011 to 5.9 percent in 2016.

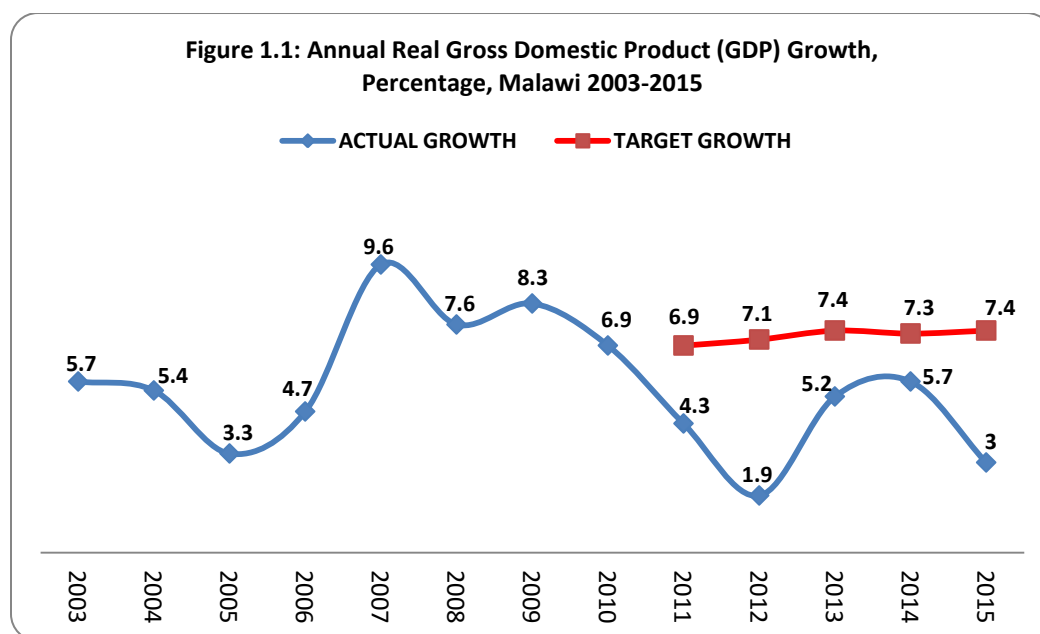
It was assumed that fiscal policy would largely aim at restricting growth in fiscal deficit and government would endeavor to boost domestic resource mobilization to reduce domestic borrowing. Public investment would be geared toward export diversification and economic growth so that over the life of MGDS II overall fiscal performance would average a surplus of 1.5 percent.

In the monetary sector, monetary policy would be geared towards achieving price stability while at the same time giving sufficient room for private sector activity. Broad money (M2) would grow at the rate consistent with nominal GDP to contain inflationary pressures. Although exchange rate was fixed, MGDS II documents assert that the exchange rate would continue to be market driven.

The outturn indicates that in the past three years of implementing MGDS II, most of these assumptions were not realized making it less likely for the strategy to implement the strategic activities and achieve higher level goals, outcomes and impacts as intended.

Summary Finding on Assumptions on the Macro Economic Framework

Under MGDS II, Malawi did not sustain or accelerate real GDP growth rate at a pace sufficient for sustainable poverty reduction. In order to achieve the rates of poverty alleviation envisaged in MGDS II, between 2011 and 2016, Malawi's economic growth was supposed to average about 7.2 percent per annum. Figure 1.1 shows that in reality, between 2011 and 2015, growth has ranged from 1.9 to 5.7 percent with an average of 4.2 percent. Based on the 2012 population census, where the average population growth rate was estimated at 2.8 percent, under MGDS II growth in output per capita would range from -0.7 to 2.9 percent with an average of 1.8 percent.



Source: National Statistical Office

In general, prevailing economic conditions have not been sufficiently conducive for private sector growth. From 2010 Malawi began experiencing internal and external disequilibrium. The exchange rate was

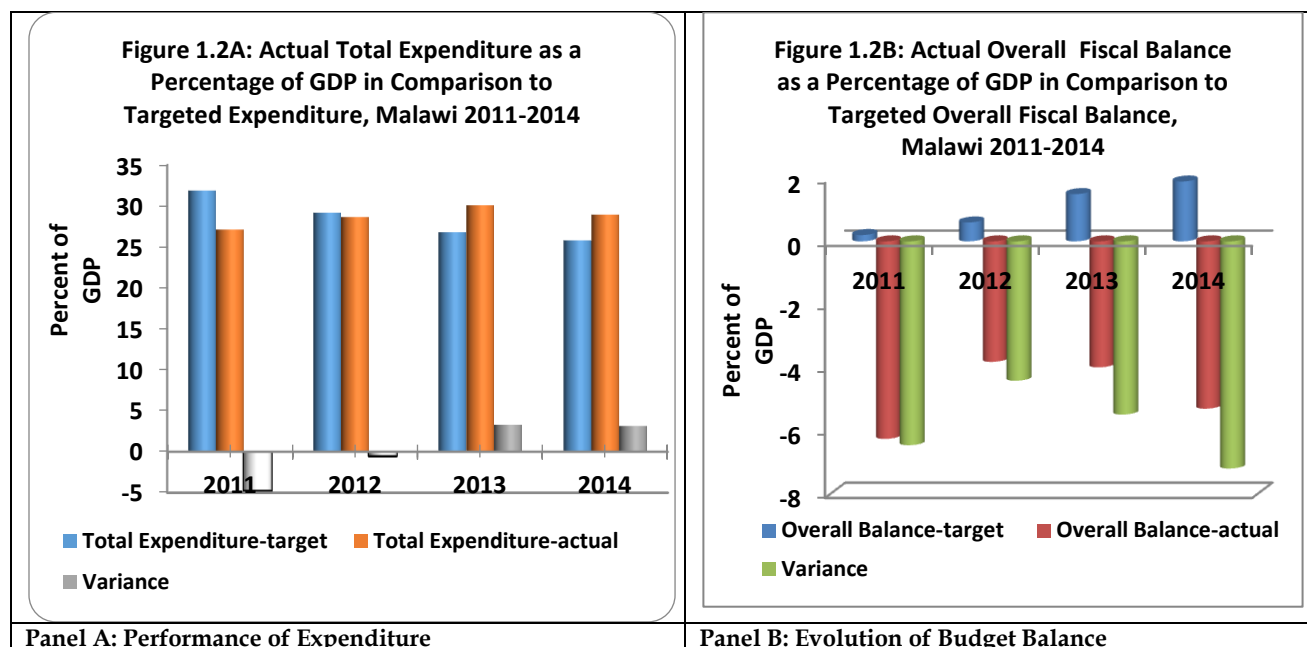
fixed and hence overvalued relative major currency resulting in shortage of foreign exchange. In turn, this resulted in shortage of basic commodities, especially fuel and pharmaceuticals. As banks failed to service import bills, import queues in banks became evident, and Malawi's sovereign credit rating fell. The forex shortage was aggravated by heavy demand for foreign exchange for the fertilizer and seed subsidy program. These economic conditions impacted on the stance and outcomes of both fiscal and monetary policy.

Under MGDS II Malawi has continued to experiment with different fiscal rules¹ with no noticeable difference in fiscal and economic outcomes. The first budget under MGDS II, the 2011/12 budget was anchored on *zero-deficit budget rule* in which Malawi was supposed to balance her budget. However, revenues were overestimated, expenditure underestimated and in the end government resorted to borrowing from local banking sector to make up the revenue numbers. The 2012/13 budget was a *recovery budget* aimed at realigning the economy to its fundamentals. It was attended by a number of reforms which sought to decontrol prices, reduce the level of subsidy built into fuel and electricity pricing and allow for full pass through. In 2013/14 government sought to anchor its budget on *Zero-Net Domestic Borrowing* fiscal rule, restricting government from borrowing from local financial markets. The 2013/14 budget was also beset by loss of huge amount of public funds through the so-called cash gate scandal. With narrow fiscal space and donor suspension of budget support due to corruption, this budget rule failed, and government departments spent in advance and eventually built up huge arrears. In 2014/15, Malawi introduced the *Zero-Foreign Aid* budget, which did not make much sense since the fiscal framework included anticipated grants.

Under MGDS II Malawi has witnessed limited success in prudent fiscal management. Since 2011/12 fiscal year, dynamics in revenue have been driven by ability to mobilize domestic resources (see Figures 1.2A and 1.2B). While total revenues and grants were expected to fall as percent of GDP, domestic revenues were expected to hold steady at 24 percent. The evidence suggests that domestic resource mobilization has been problematic, with underachievement in revenues and grants². The fiscal balance which was supposed to grow in surplus averaging 1.5 percent in fact grew in deficit and averaged -4.85 percent of GDP.

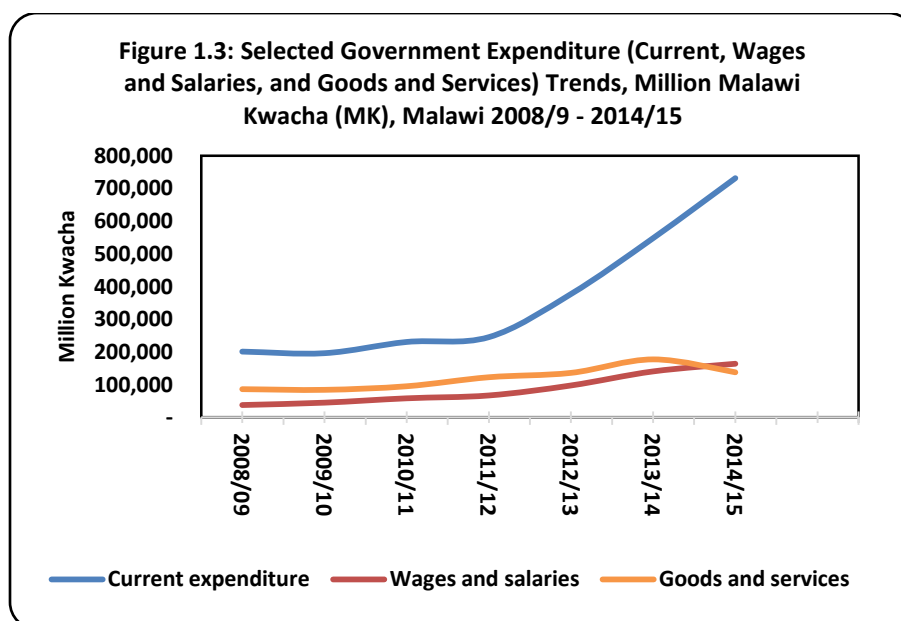
¹ A fiscal rule imposes a long-lasting constraint on fiscal policy through numerical limits on fiscal aggregates. Fiscal rules are typically of four types: **debt rules** (explicit limits on the stock of public debt); **Budget balance rules** (constraint on the size of the deficit and evolution of debt ratio); **revenue rules** (sets ceiling or floors on revenue, or determine use of windfall revenues); or **expenditure rules** (limits on total, primary or current spending either by putting a ceiling on its growth or on the relevant ratio to GDP)

² ² Revenue estimates are based on forecast growth in GDP. When GDP growth turned out to be lower than forecast, in turn revenue underperformed.



Source: National Statistical Office

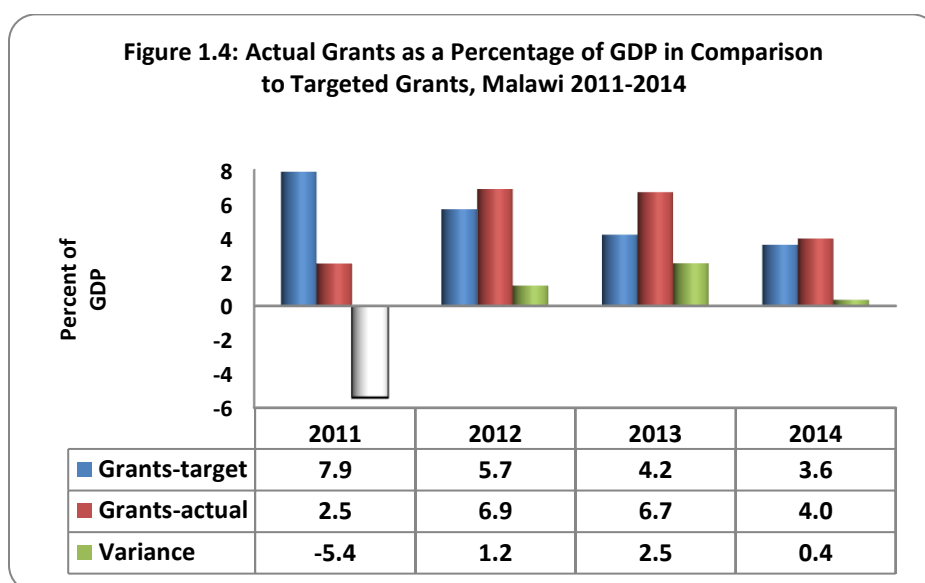
In the period under MGDS II Malawi has been caught in a price-wage spiral and recurrent public expenditure has been dominated by wages increases and stagnation of allocation for goods and service. In response to the devaluation of 2012 and the subsequent price increases, Malawi witnessed a spate of strikes in the public service. At best wages were adjusted to match the inflation rate but at worst wage increases were indexed to currency depreciation. As a result, for the first time in Malawi's history, due to 45 percent wage increase in 2014, expenditure on wages and salaries exceeded payment for goods and services, see Figure 1.3.



Source: National Statistical Office

Fiscal management was undermined by growth in subsidies and public transfers which exerted further pressure on public expenditures. Owing to the 2012 devaluation and subsequent depreciation of the Kwacha, the local currency value of the fertilizer subsidy program sky-rocketed from MK22 billion in 2010/11 to a peak of MK59 billion in 2013. In addition, other subsidies and transfers (for example, transfers to parastatals) grew from MK54 billion in 2010/11 to MK133 billion in 2014/15. As a result, spending on transfers and subsidies just matched spending on goods and services.

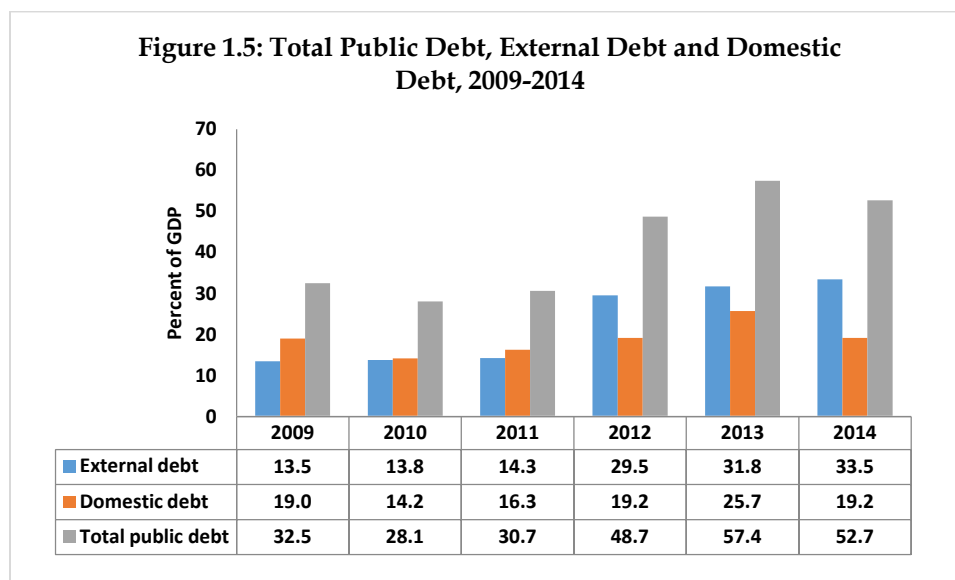
Foreign aid mobilization and management were less than effective especially in bringing in budget support. Under MGDS II foreign grant and aid were planned would reduce from 7.9 percent of GDP to 2.8 percent. Figure 1.4 shows that although aid declined because of different reasons and dynamics (initially due to bad political governance and misrule, and subsequently due to poor public finance and economic management manifested in the cashgate scandal), the trend in grants and aid is consistent with that projected under the macroeconomic framework. Relative to GDP, the overall resource envelope from donors depicts an inverted-U curve, with lower resources in 2011/12 and 2014/15. More importantly, due to Government's weak public financial management system, mutual accountability broke down, and donor resources were increasingly reallocated and channeled using parallel mechanism, especially through international NGOs.



Source: National Statistical Office

Debt management, especially domestic debt, was less than effective. As donor aid reduced and domestic resource mobilization stuttered, Malawi resorted to debt financing. Under MGDS II Malawi's total indebtedness has

exceeded that in the pre-highly indebted poor country (HIPC) debt forgiveness levels. Subsequent to the debt forgiveness in 2006, domestic and foreign debt relative to GDP were equal and represented 8.5 percent of GDP, and total public debt was under 20 percent of GDP, see Figure 1.5. However, under MGDS II, with the devaluation of 2012, the local currency value of foreign debt has grown exponentially to 58 percent of GDP while domestic debt has also grown to about 38 percent of GDP. In addition, government has also accumulated significant arrears from local suppliers which it is failing to pay and has issued zero-coupon bonds.

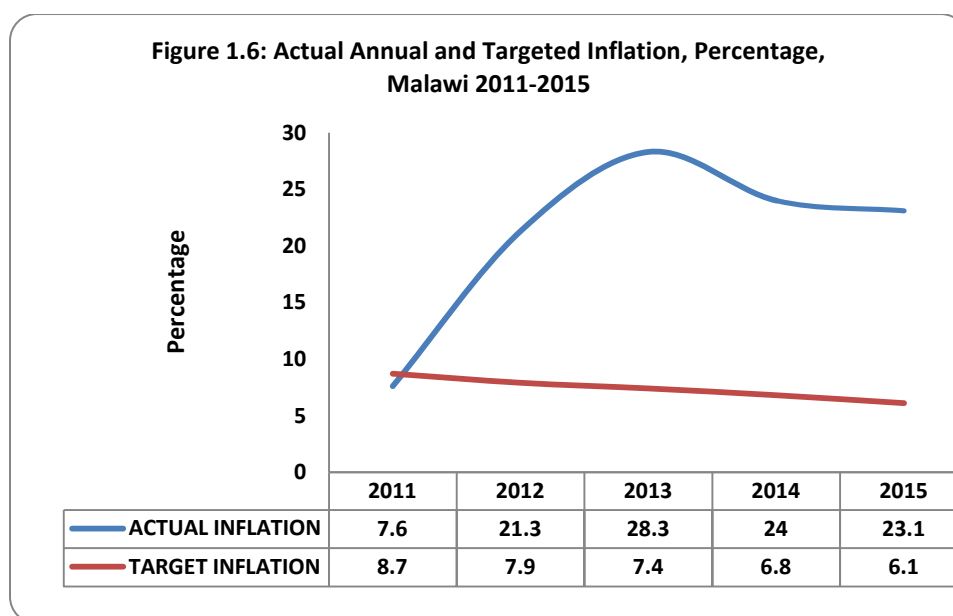


Source: National Statistical Office (various)

Growth in public debt has wiped out any potential fiscal space through escalating interest payments. Total interest payment has grown from MK22.8 billion in 2010 to 80 billion in 2014/15, averaging 10 percent of recurrent expenditure, see Table 1.2. Interest payment for debt service is almost wholly driven by domestic interest which accounts for 95 percent of total interest payments. However, due to the increase in domestic interest from 15 percent to about 40 percent following the devaluation, and withdrawal of donor aid since 2013, domestic financing has grown leading to domestic interest payment to soar from 22.2 billion in 2010/11 to MK75 billion in 2014/15.

Table 1.2: Current Expenditure and Interest Payments, Malawi 2010/11 - 2014/15					
	2010/11	2011/12	2012/13	2013/14	2014/15
Current expenditure	230,224	244,938	376,990	548,058	731,680
Interest payments	22,818	20,037.	33,397	97,939	80,360
Domestic interest	22,208	1,555	29,203	94,319	74,718
Foreign interest	610	18,482	4,194	3,620	5,642
Source: MFEPD					

Although monetary policy under MGDS was fairly tight, it was ineffective in arresting or reducing inflation. In an attempt to address the macroeconomic problems faced by the country, in 2011/12 government introduced some fairly repressive monetary policies including introduction of exchange controls, rationing of foreign exchange, and directive for all dollars from the tobacco auction floors to be routed through the Reserve Bank. Energy prices (petroleum and electricity) were equally controlled and for fuel changes in international prices were not passed through domestic prices. These persisted until May 2012, when the Kwacha was devalued, initially moving from MK163 to MK250 to the dollar, and depreciating further to K350 per dollar due to market forces. Consequently, the inflation rate which was targeted to decline from 7.6 percent to 6.1 percent has remained stubbornly high, averaging 24 percent in the past three years, see Figure 1.6. Since 2012, price controls were removed, resulting in liberalization of the exchange rate regime, liberalization of fuel prices to allow for full pass through of international fuel prices and re-introduction of the automatic fuel pricing mechanism.



Source: National Statistical Office (NSO)

The devaluation of the currency had negative impact on Malawi's trade balance in absolute and relative terms. The nominal value of exports of goods and services planned to steadily rise from 22 to 25 percent of GDP. In reality, export growth underperformed in 2011 and 2012 but recovered and over-performed the targets in 2013 and 2014 (24 and 25 percent of GDP) only to slow down in 2015 (see Figure 1.7A). This growth in exports was countermanded by more dramatic growth in imports. Imports as a share of GDP were targeted to decline modestly from 38 to 33.6 percent by 2015 (see Panel B). The out-turn shows that due to dominance of necessities in

Malawi's import bundle, with devaluation the value of imports rose from 32.8 percent of GDP in 2011 to 52 percent of GDP in 2013 leading to a deterioration of both the trade balance and current account, see Figure 1.7B.

Figure 1.7A: Actual Exports as a Percentage of GDP in Comparison to Targeted Exports, Malawi 2011-2014

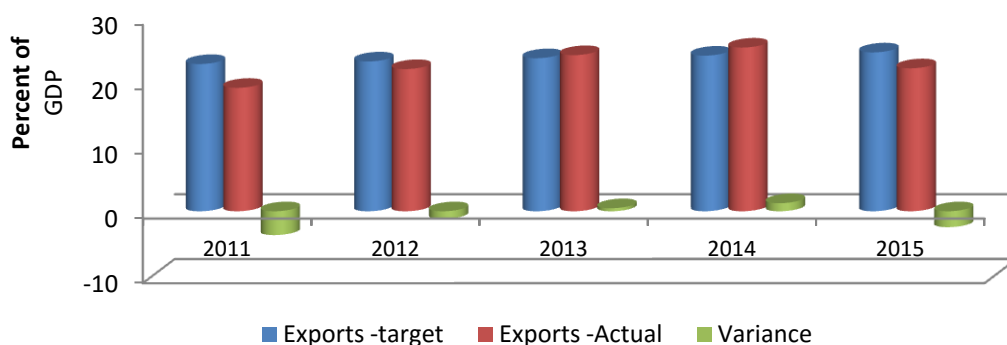
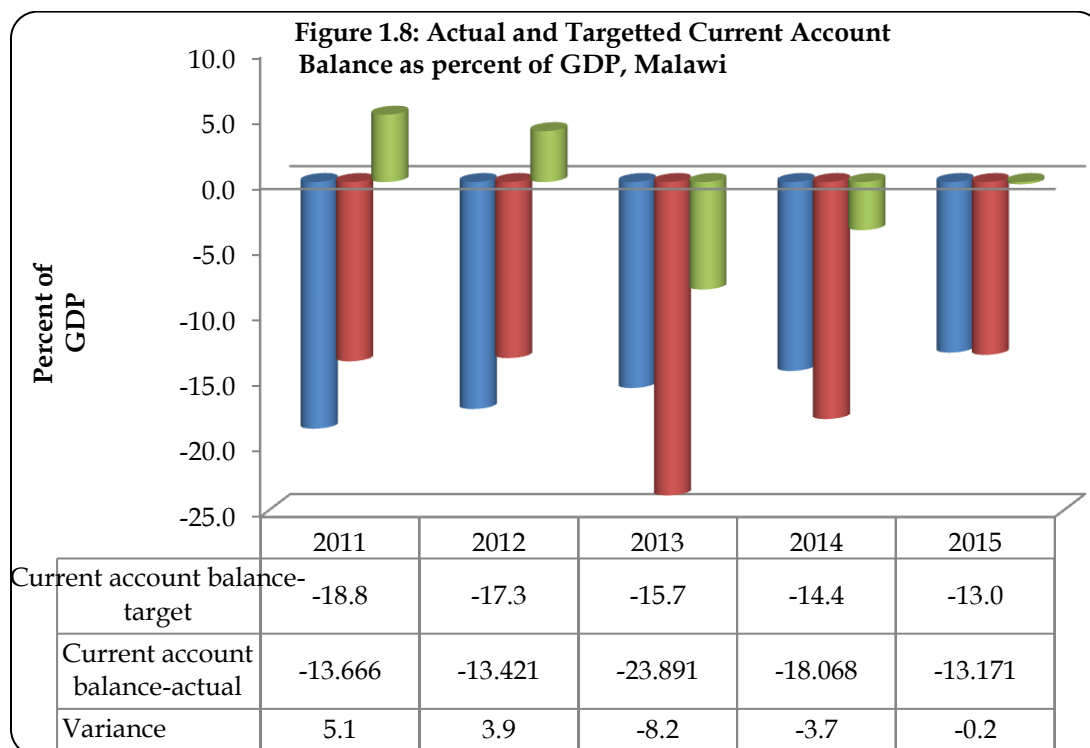


Figure 1.7B: Actual Imports as a Percentage of GDP in Comparison to Targeted Imports, Malawi 2011-2014



Due to the devaluation and subsequent trade imbalances the current account position deteriorated further. Under MGDS II, the stated goal in the external sector was to improve the current account position. Malawi would pursue an export led growth strategy that would seek to diversify exports away from tobacco. The current account balance was supposed to improve steadily from -18.8 percent of GDP to -14.4 percent of GDP. However, in reality the current account has been volatile, deteriorating from -13.6 percent to -24 percent in 2013, before declining to the expected trend of -13 percent in 2014/15 (see Figure 1.8). The envisaged diversification never materialized. In response to good global cotton prices,

in the 2011/12 budget, government provided MK1.6 billion for promotion of cotton. However, that year local productivity estimates were optimistic and hence production was disappointingly lower than forecast. In addition, global overproduction depressed prices resulting in collapse of the local cotton market. Diversification into legumes has also been marred by lack of seeds and inconsistent government policies. For instance, the Ministry of Agriculture proceeded to impose an export ban on some pulses with the purpose of seeking to protect local consumers.



3. APPROACH TO ANALYSIS OF MGDS II PROGRESS

3.1 Relevance, Policy integration and Coherence

3.1.1 MGDS II Linkages with Vision 2020

Linkage between the National Growth Strategy and the National Vision 2020 needed to be stronger than has been the case. As a best practice, good strategies ought to be well anchored to national visions, within the context of a relationship which is dynamic and reviewable over time. The linkages between MGDS I and II and Vision 2020 (developed in 1998) have not reviewed for over 15 years. MGDS II and Vision links are weak, cosmetic or not substantial. There has not been public awareness or social mobilization on both MGDS II and on National vision, resulting in weak national

ownership, limited understanding, low internal and external drive to deliver on results and outcomes.

Malawi's Vision 2020 will be met by strictly striving to attain globally set goals within national parameters. Although the MGDS II was supposed to facilitate the attainment of all MDGs in order to truly put the country on a strong 'growth and development path,' Malawi has not met four MDGs (eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and the empowerment of women; and improving maternal health). Earlier, the MGDS II had established that these four MDGs all had gender connotations, and were lagging behind. Failure to achieve the four MDGs has mainly been due to the lack of conceptual clarity in the MGDS II of the vital role that each sector has to play in attaining MDGs that were lagging behind, and devising well coordinated appropriate sectoral strategies to contribute to their attainment.

Failure to meet the respective goals has meant failure to make meaningful headway with national developmental progress. Therefore, Malawi has to work towards the national vision by ensuring that the Sustainable Development Goal (SDG action plan) has elaborated on the unfinished MDG agenda that needs to be achieved, since this is the missing link to the fulfillment on national development plans. In addition to this outstanding business, the SDG agenda includes other priorities which Malawi needs to address in the next national development strategy.

3.1.2 What we learn from global developments and the Malawian practice

A review of development progress the world over shows that countries that have achieved sustained growth did so through diverse policies and institutional arrangements required to effect change. The search for best practices has now been replaced by recognition for strong need to focus on reforms suited to country's specific conditions. Such a thrust is also accompanied by the removal of binding constraints to development, which includes measures instituted to unlock potential in high growth sectors. There are no single set of policies or a standard package that can guarantee to ignite sustained growth – it is situation specific.

Global best practice highlights the need to ensure that in any specific country situation, comprehensive and integrated strategies are developed; with proper articulation of links between different sectors. In practice, the MGDS II has not been able to link different sectors to required extents. The development and implementation of sector-wide approaches (SWAPs) has been more visible in five out of the 16 SWAPs (*discussed further under sub-section 7.3 – 7.5*). Generally, the implementation of SWAPs has been confronted with challenges. Most SWAPs are also struggling with seamless coordination that links their activities to other sectors, and the tangible measurement of results to track different impact of sectoral interventions

on subgroups of men and women. For example with regards to loose linkages across sectors, the Agriculture and Food Security SWAp is de-linked with Industry and Trade and the National Export Strategy, Resilience, Climate Change; Transport and Public Infrastructure is de-linked with Tourism, yet there is need to exploit and take advantage of overlaps in the planning and implementation of various sectoral strategies. The implementation of the Environmental Affairs and Natural Resources Sector Strategy is also not well integrated with Decentralised Local Government, with poor enforcement of legislation that government environmental and natural resources.

Both during and before the MGDS II period, legislation linked to implementation of sectoral strategies for the management of national parks and wild-life, the fisheries sub-sectors have not been enforced. The continued plunder of natural resources in Malawi has become the order of the day. This explains why some development partners have moved to support the Government of Malawi in sustainable management of natural resources and the environment. Overall, there is an indication that SWAp have been unable to take advantage of synergies between sectors and sub-sectors. For example, the implementation of sectoral strategies within the Department of Physical Planning which is connected to agrarian tenure laws and the formulation of land-use plans has been inconsistent with tourism development strategy, with contradictions emerging, which have resulted in massive loss of potential in the tourism sector. Overall, there has been very slow pace of implementation of sectoral policies and strategies with a large number of them expiring or nearly expiring in 'draft state', before formal adoption.

Global practice suggests that laws and regulations are vital to strengthening investments, donor confidence, economic development, human development, among others. Existing laws and regulations may have noble intentions, but they have not stimulated stakeholder confidence due to malpractices and endemic challenge of lack of commitment to enforce. For example, Malawi's law enforcement record (mainly due to poor resource commitments) is weak despite being a good example of a country that has taken notable steps to promote development by enacting laws seeking to strengthen human rights generally, property rights, opportunities for people with disabilities, equality between men and women, security of persons from violence in public and private spheres.

In line with global best practice aimed at improving public sector performance and financial management, during the MGDS II implementation, the Government has taken the right steps through instituting Public Sector Reforms, Public Financial Management/Pilot Programme Based Budgeting, IFMIS. However, the slow pace of their implementation remains a formidable challenge. This has been recognized in several fora, including national high level forum. Another challenge is

that Programme Based Budgeting and Gender Responsive Budgeting (which is required by the Ministry of Finance) are not being seen as necessary prerequisites for one another. Yet, it is not possible to assess the effectiveness of a programme or its results without looking at who is benefiting from a given programme (men, women, boys and girls and their subgroups) – which is what Gender Responsive Budgeting is all about.

Box 1:1: Programme Based Budgeting

Programme Based Budgeting is a pilot project implemented by the GoM, with support from development partners with a view to making budget planning and implementation more results-based, accountable and transparent. It departs from the current general practice where there is a disproportionately large component of expenditures by government ministries categorized as (other recurrent transaction (ORT), but with little accountability and transparency to linkages with particular projects/activities or outcomes.

While effective public institutions can facilitate the achievement of the development goals for poverty reduction, inclusive growth, and gender equality, Public Sector Reforms are yet to pay serious attention to how planning, budgeting, and administration can promote gender equality and not inadvertently reinforce gender biases and disparities. Effective reforms should seek to ensure women's and men's equal access to basic services, labor markets, resources, and assets; and to promote equal voice in decision making. They ensure that performance audits are a critical tool for monitoring gender equality results within all sectors.

The organizational performance agreement (OPA), which seeks to address issues of non-performance in public service, is another important and bold move by the GoM. However, it needs to gather more momentum at the level of practical implementation with clear milestones required. Although OPAs are potentially a powerful avenue for holding Ministries accountable for efforts to achieve gender equality within their core mandate as required by MGDS II, this opportunity has not been utilized. OPA progress reports show that outputs and indicators commonly do not reflect gender targets where necessary.

3.2 Approaches, Integration with Sectoral Strategies

This MGDS II review notes that some sectors are still commissioning Sector Strategy development, regardless of MGDS II or priorities to be set in the next National Growth and Development Strategy.

- Many Sectoral Strategies are outdated, which is a challenge as well as an opportunity for the MGDS II.
- Most Sector Strategies will expire midway the implementation of the next growth and development strategy, meaning that they cycle of developing new Strategies that predate an overarching policy framework (and likely misalign) will likely continue.

- Some Sector Strategies span 10 years (for example, the Education Sector Strategy (ESS) was largely developed with no linkages with MGDS II. The ESS has a 10 year time-frame, whilst the MGDS II has five years.
- Just as was the case with the MGDS, the planning and implementation of MGDS II was not been backed up by a National Gender Policy. The first one having expired in 2005, the revised National Gender Policy has only been approved around September 2015. The Joint Sector Strategic Plan of the Gender, Children, Youth and Sports Sector Working Group (JSSP, 2013 – 2017), which is a strategic document aimed at facilitating the implementation of the MGDS II lacked the same anchorage. Further, the JSSP is weak on the structural coordination of gender mainstreaming efforts of various sectors.
- Most sectoral strategies are not anchored in human rights based programming that focuses on the impact of activities on the welfare of specific groups and the importance of empowerment and participation of the citizenry in decision making. Although Malawi has had two National Human Rights Action Plan (a third one is under formulation), there has been little awareness and implementation of these plans by sectors and stakeholders.
- There are weak or no linkages between MDAs in sector formulation as well as implementation. The formulation and implementation of the Transport and Public Infrastructure strategies and the Tourism strategies are typical examples of misalignment; the Agriculture, Food Security and Private Sector, Industry and Trade are other examples.
- The MGDS II review notes that despite the observed challenges, the recent amalgamation and restructuring of MDAs in Malawi is an opportunity to realign Sector Strategies in a more logical and coherent manner. However, this requires strong commitment at high political levels to forge stronger inter-sectoral linkages. The role of OPC (coordinating development of sector strategies) and that of EP&D (coordinating overall national policy framework) need to be synergized.

Box 1.2: Key Observations on linkage between KPAs and MDGS II thematic areas

The six MGDS II thematic areas are not logically aligned to the nine Key Priorities Areas (KPAs). Resource allocation has been based on KPAs not thematic areas. The Indicator Framework based on KPAs not thematic areas. At practical level, definition of KPAs has been misleading, not synchronised with reality (technical and organisational feasibility, human and financial capacities).

Recommendation: Categorise sectors and truly prioritise areas on basis of clearer criteria (high growth, complementary, enabling sectors – *(Refer to conceptual framework in Annex 1)*)

3.3 MGDS II: Thematic Areas versus KPAs

3.3.1 Relevance of Linkages to Capacity Enhancement

The strengthening of human capacity has mainly focused on ad hoc trainings, mainly donor driven, and not guided by training plans of MDAs (which hardly exist). Human capacity strengthening is usually not viewed from the point of view that organizations that strive for balanced male and female workforce in decision making and professional positions are more innovative and productive. Therefore, there have been weak efforts to raise awareness of and implement the 40:60 recruitment quota under the Gender Equality Act across MDAs. And as seen in the on-going programme to build the capacity of MDAs in PBB is missing important linkages with gender responsive budgeting so as to build capacity for generating high quality results that will demonstrate how different needs and priorities of subgroups of men and women are being satisfied through sectoral outputs. While EP&D is supposed to monitor the implementation of the MGDS II in its totality, including how MDAs are facilitating equality in opportunities and access to goods and services between men and women (gender mainstreaming), there have not been efforts to build its human and institutional capacity to effectively monitor the social and gender inclusiveness of sectoral results.

Linking adequately the MGDS II and the successor strategy with national vision would enable the following:

- ✓ Institutionalize sectoral needs assessments and training plans so that each sector fully delivers on national priorities and commitments that would strengthen the equal development of men and women.
- ✓ Better consultation on priorities; sequencing intervention areas within the framework of long term development – which creates room for more long-term strategic thinking and planning.
- ✓ Create better opportunity for improved accountability, transparency, at all levels, reducing incidences of politicisation of national development agenda.
- ✓ Build the case for effective social mobilization, planning, coordination, monitoring, reporting and evaluation of interventions and achievement of results/outcomes.
- ✓ Acceptance that Malawi's vision will best be met by improving strategic planning around globally set development goals that Malawi is struggling to achieve hence setting back overall national development.

3.3.2 Linkage Between KPAs and the Pursuit for Gender Equality

The goal towards gender equality is an indispensable part of sustainable development because it ensures that specific concerns and experiences related to gender equality and women's empowerment are incorporated into all policies and programmes, in all sectors, so that (a) women and men benefit equally from development, and (b) inequalities are not perpetuated. Gender equality is achieved through gender mainstreaming, which positively, the MGDS II intended achieve through a twin track approach. First, it had a stand-alone theme of gender (and capacity development) under which the second approach, 'to enhance gender mainstreaming in all sectors' was spelt out. The latter aimed at addressing the challenge noted in the MGDS II that *"lack of gender disaggregated data, poor commitment to resource allocation towards gender mainstreaming and institutional capacity to analyze and systematically mainstream gender in all sectors remain the major challenges."* Ironically, the thematic area of gender was not a KPA. This facilitated the evaporation of accountability and responsibility for the planning and implementation of gender mainstreaming, as MGDS II assumed that everyone (all KPAs) would be responsible – and no one was.

The pursuit for gender equality in all sectors is a development goal, just as it is smart economics. This is because in any context, especially where resources are limited, government planning, programming and budgeting is effective and efficient when the focus is on eliminating barriers that hinder the empowerment and development of subgroups of women and girls and/or men and boys in any sector. In a nation where the majority of the population (52 percent women) has poor development indicators that are in turn dragging down overall national development (Table 1.3), the side-lining of gender as a KPA means that the MGDS II did not view gender mainstreaming as the asset that it is (empowering women translates into substantial gains in creating an expansive and sustainable productive human resource for a country).

Table 1.3: Examples of poor development indicators for women and girls in Malawi

Indicator	Gender disparity where applicable	
	Female	Male
Marriage before the age of 18 years	50%	9%
Adolescent birth rate	143 births per 1,000 girls	-
People aged 15-49 years who were married/in union before 15 years	10.3%	1.5%
HIV prevalence, adults	13%	8%
HIV prevalence, young people aged 15-24 years	5.2%	1.9%
Total Fertility Rate	5 births per woman	-
Maternal mortality ratio	574 deaths/100,000 live births	-
Survival rates for Std 8	28%	35%
Secondary School Net Enrolment Rate	15%	16%
Literacy rate, those aged 15 – 24 years	72.4%	77.8%
Computer usage in the past 12 months, youth aged 15-24 years	3.4%	9.3%
Use of financial services by those doing business	55%	62%
Women's participation in non-agriculture wage employment	30%	-
Participation in management positions in the public service	24%	76%
Members of Parliament	16.6%	83.4%
Councillors	14%	86%
Cabinet Ministers	15%	85%
Time spent on unpaid care work	Six times higher than that of men	-

Sources: MDG Endline Report (2014), Malawi Labour Force Participation Survey (2014), Malawi Beijing +20 country report (2015), EMIS (2014)

The value of deliberately investing in empowering women in each sector so as to increase their productivity has been known to outweigh other economic investments in a country. Failure to grasp this principle, coupled with the poor linkage between the MGDS II and regional, continental and global gender equality frameworks that apply to different sectors, weakened the commitment by sectors to pursue gender mainstreaming as part of sectoral development strategies and mandates. This is evident in all the KPAs, MGDS II and OPA implementation/progress reports. This review elaborates more on the impact of this deficiency on development outcomes.

4. MGDS II AND OVERALL MONITORING AND EVALUATION FRAMEWORK

In its design, the performance of MGDS II would be monitored through annual reviews. This review finds that annual reviews were indeed carried out but have been misaligned with national budget process, being improperly timed to contribute towards transforming resource allocation. The reviews have not been focused on improving performance and results of implementing MGDS II. Reference made to MGDS II Reviews in senior management circles during the implementation phase of the national growth and development strategy has not assisted in making strategic

choices and decision. The reviews have not been used as a basis for prioritizing the allocation of scarce resources. There is a way by which the MGDS II could feed into the annual planning processes. This is explained in subsequent parts of this review report.

The weaknesses of the overall M & E framework are linked to the state of M & E capacity in public sector, at both central and decentralised levels. These have been highlighted in many reports, including in MGDS II Annual Reviews (ARs), amongst others. The MGDS II reviews have also not been disconnected from the joint sector reviews. At the time the MGDS II review is undertaken, ordinarily sectors would not have undertaken sufficiently informed reviews to feed into the MGDS II process. No quality measures are enforced, with no mechanism to ensure that the data and information provided is from credible sources and is representative of the reality on the ground. Within the sectors, most officers interviewed during the MGDS II Review openly declared that ‘whatever we submit to EP & D is accepted . . . there is no feedback or follow-up at all once the reports have been submitted’. At the same time, the National Statistical Office does not have the capacity to generate up to date data on many of the indicators being tracked through the MGDS II process. This exacerbates the challenges faced in the monitoring of the progress of MGDS II.

With regards to advancing gender equality, the MGDS II made some headway adopting four gender indicators in its M&E framework. These are (a) the proportion of women in decision making positions in the civil service; the participation of women in the national Parliament; the Gender Development Index (GDI); the percentage of reported cases of gender based violence. Despite some limitations, the presence of these indicators is considered as a strength because it was progress from the state of the first MGDS M&E framework. The challenge is that these indicators are not coherent with sectoral programming, and are not strategic enough to hold each sector accountable for delivering results towards gender equality.

The monitoring system for data generation and analysis remains weak in most sectors. Data generalization is the norm, with no or little adherence to the MGDS II requirement for all sectors to improve on the collection of gender/sex disaggregated data—which is crucial for identifying, understanding and redressing inequalities that are affecting the development of subgroups of men and women at sector levels. The coordination role of the Ministry responsible for gender is limited by human/technical and financial resources.

The absence of credible baseline data for most indicators, which is collected at periods which are far apart, affects proper indicator monitoring for MGDS II. There is also a mismatch between the MGDS II ARs and Joint Sector Reviews (JSRs), with Sector Reviews done after the MGDS Annual Review. This also has the effect of negatively affecting the quality of MGDS

II Reviews, as they lack the essential evidence base for informed analysis of progress.

M & E activities in most sectors have neither been funded nor prioritised. When they are done, the approach is ad hoc and has no quality consciousness and is not up to standard. The quality of M & E data generated and reports produced are not up to standard and reflect substantial data gaps. The major challenges observed are as follows:

- Weak M & E analysis skills in public sector, (within EP & D, government);
- Weak policy analysis capacity/skills;
- Weak sectoral capacity to compile and analyse sex/gender disaggregated data;
- Weak evaluation capacity – lack of expertise to carry out informed evaluations beyond basic levels - lack of skills to do impact assessments, policy impact assessments and other strategically important work; and
- Weak investments towards gender responsive M&E, including ensuring the presence of gender expertise in M&E teams.

There is a perception that M & E reports from sectors reflect more the situation in ministries not the sectors. This is also linked to the poor formulation and tracking of indicators at sector level. During this Review, the reference made in certain highly placed quarters to what is termed ‘administrative data’ which is differentiated from data based on reality on the ground such as survey data, studies or evaluations. It seems that in Malawi there is actually a demand for ‘administrative data’, which is why it is produced, yet it cannot be traced to any credible sources. In theory this is supposed to be drawn and collated from district reports but since the capacity within the districts is limited this falls between the cracks.

At decentralized and district levels, there are enormous challenges faced in M & E, which include, maintenance of computer equipment, virus attacks of computers, the absence of lack of internet connectivity and inability to access or buy up-to-date anti-virus kits. In addition, the computerised databases installed in the District Councils have not been functional. This is due to software system failure, coupled with limited human capacities to tackle complex technical challenges that emerged during the period after the system was installed.

There is a lack of qualified personnel to do M & E work, reportedly with ‘70 percent of district M & E officers being unqualified’. There is a clear need cited for qualified M & E staff who are conversant with both qualitative and quantitative sex disaggregated data collection. There is also a lack of up to date baseline data on most indicators, which affects proper assessment of

performance in the sectors. The capacity of the NSO to generate baseline/monitoring data is weak because of limited funding. It is also noted that most of the major data gathering processes are linked to the financial contributions of development partners (DPs). There is no substantial investment by government into M & E data collection, being an area that is not prioritised where resources are scarce. As a result, the National Labour Force Survey, the Integrated Household Panel Surveys, National Census are major processes, which, however, are carried out widely spaced apart.

Clearly, most MGDS II indicators are not tied to deliberate professional data generation and indicator tracking in the relevant sectors and or sub-sectors. There is a lack of targeted (qualitative/quantitative) MGDS II monitoring, with a view to providing timely reports on performance and or results delivered. The quality of M & E reports to inform policy makers is a major area of concern. There is need to increase national ownership of development processes with a renewed focus on results/outcomes, not only processes, activities and outputs.

What are the Key Challenges?

The following are some of the key challenges cited.

- i. Lack of expertise to conduct reviews and systematic assessments is absent. There is no capacity to undertake efficiency analysis, people centered analysis, and gender and human rights analysis.
- ii. There is no objective way of shedding off non-performing projects to create room for new ones, those deemed to have better value added within the Public Sector Investment Programme (PSIP) basket. In the absence of lack of evidence based analysis and evaluation of PISP projects, across the range, both for new and existing projects, many PSIP projects have tended to overstay, with many of them with a lifespan which is considerably more than the stipulated 5 years.
- iii. All major monitoring and evaluations exercises are dependent on DP financial support. Independent government financed project evaluations are rare phenomena, in the absence of GoM funding for results based M & E activities.
- iv. Many recent independent assessments have pointed to lack of demand for informed M & E reports and data from Principal Secretaries. The basis of decision-making becomes an issue of guess-work and speculative (GoM, State of M & E in Malawi, 2014).
- v. Decisions in the Public Sector are based on other criteria which is not monitoring evidence. They are widely perceived to be politically motivated.
- vi. High staff turnover – with the low salaries in government, there is understanding that government officers who are trained and

experienced are quickly poached by Civil Society Organisation (CSO) and other employers. This has worsened the capacity gaps in public sector. As a result, the GoM is always replacing key staff in the field. A typical example is that of District Councils which are understood to be always replacing key staff due to high staff turnover - exacerbating human resources capacity constraints.

5. REVIEW OF MGDS II DESIGN: APPROPRIATENESS OF INDICATOR FRAMEWORK

5.1 Overview of MGDS II Design

The Review concludes that overall, the MGDS II design is ambitious, with a lack of focus on what the real priorities, critical issues and mechanism of addressing the set development agenda. The major issues in the design, which relate to the setting of the development agenda, planning and monitoring and evaluation are discussed in detail in this review. Suggestions are also made on areas of improvement for the next national development strategy planning process and implementation.

Effort to develop results framework by Economic Planning and Development (EP & D), supported by development partners (DPs), to align with MGDS II is noted – a step in the right direction. Work to reduce number of indicators in results framework to manageable levels with a view to improving Monitoring and Evaluation (M & E) situation is also acknowledged. Although progress is noted, the indicators are widely perceived to be still too many, with a lack of focus. More attention to social inclusions indicators (that reflect the mainstreaming of gender equality and human rights interventions is needed). There remains substantial mismatches in investment in M & E, performance indicator frameworks, from central and sectoral levels relative to what is expected to be delivered or achieved. There is also no evidence of adoption of key observations from previous monitoring (for examples issues raised in previous MGDS II annual reviews have largely not been acted upon, with many observations and recommendations repeated year after year). One exception relates to Sector Working Groups (SWGs) recommendation which has since seen some action, but largely linked to a recent detailed evaluation of SWGs, 2014). The Department of Economic Planning and Development is taking up the issue, with follow up expected through designated focal persons within MDAs.

5.2 MGDS II and the Indicator Framework

The MGDS II Indicator Framework is 'somewhat strong' for a few sectors (for example, education, health, but fairly weak for most of the sectors, with large numbers of indicators (for example, many indicators are output/process based, not results based. The education and health sectors have benefited from anchoring their indicators and targets on MDG goal monitoring. Aligning the process to global development indicators has been instrumental in enhancing the performance of the framework. This has not been the case with other sectors, where indicators have tended to be ad hoc, without reflecting a strategic planning process. The MGDS II coverage area is massive, with no real focus on what can be deemed as key indicators, which is central in tracking to gain insight in the direction of achievement of outcomes. There is no evidence of systematic benchmarking and performance tracking, a challenge which is linked to data gaps that are related to the capacities of the National Statistical Office (NSO).

Many key indicators are not well articulated in the M & E framework, for reasons already provided, being totally under-developed or not incorporated into the results framework at all. Many sectors have indicators that are not adequately unpacked and disaggregated (for example, by age, sex, disability, socio-economic category). Examples include those associated with labour, employment {vulnerable employment versus formal employment}, youth, children and other non-formal empowerment measures³. This gap exists due to inherent flaws of the indicator framework that have weakened progress towards realizing tangible development results for sub-groups of women when compared to men, namely (a) absence of a key and strategic gender equality indicator(s) for each KPA; and (b) the inability of the four overall gender indicators under the results framework to spur the collection of relevant gender/sex disaggregated data at sector level. These problems are linked with the well documented M & E capacity challenges in Malawi, from central, Ministries, Departments and Agencies (MDA), at sector level, Sector Working Groups, Technical Working Groups (TWGs) and decentralized structures.

Whether the framework is internally driven by national policy framework or externally driven will determine its quality and extent of implementation nationally. An indicator framework that is not nationally owned will fall short on sustainability. Meeting the requirements of national statistical and M & E system (embedded) and those of key stakeholders, from decentralized to central level, is key to sustainability. The demand for *Specific, Measureable, Assignable, Realistic, and Time-related (SMART)*

³ This pertains to outcome indicators which are coherent and based on development best practice. Development of such targets has either been missing or not well thought out in the MGDS II indicator framework.

objectives and *Relevant, Accepted, Credible, Easy and Robust (RACER)* indicators has really not been found to be a central issue to the MGDS II implementation framework. A number of substantial gaps have been identified in this regard. For example, the objectives of the M & E indicator framework are not clearly stated and there are cases of arbitrary prioritization of some indicators, with definitions of many of them reflecting clear capacity limitations at national level, including within the sectors. The role of the National Statistical Office (NSO) in regular monitoring of performance of key development indicators to meet global standards is paramount.

5.3 National Statistical System: The Binding Constraints

- i. It is noted that the NSS faces limited financial resources; with low annual budget allocations, the capacity to update key baseline data to develop proper benchmarks for most sectors/sub-sectors has been weakened.
- ii. Major national surveys are tied to the financial/technical support of Development Partners.
- iii. During the MGDS II period, for reasons provided, national investment in data generation and management has not been a national priority. This is also tied to lack of demand at national/central level for results-based monitoring and reporting.
- iv. Sex disaggregated district level data, up to village level, is problematic, yet this is what districts need for their evidence based programming. NSS should ensure the availability of this data and/or district Statisticians should be available to routinely capture this data.

The MGDS II Review has deliberately not undertaken an exhaustive analysis of the binding constraints faced by the NSS, its capacities and opportunities available nationally to turnaround the situation. What is clear though, is the need to boost, substantially the technical and organizational capacity within the NSS and NSO to track performance in key development indicators with a view to giving more up to date evidence based analysis.

6. REVIEW OF MGDS II DESIGN: NEEDS BASED BUDGET PLANNING

6.1 Overview

Whilst an effort has been made at central government level to align the MGDS II plans to the budget, largely because of an absence of strategic thinking, alignment of work plans with the funds available has been a major challenge. It is widely acknowledged that the MGDS II does not reflect a realistic or reasonable projection of available resource envelope, even assuming the uncertainty brought about by unexpected events and

developments, such as, from 2012 – 2014. (for example, Drought, Floods, Cashgate, withdrawal of DPs from budget support. Prior to this major turnaround, DP support constituted 30 – 40 percent of government national budget). In other Ministries such as the one responsible for gender, the development budget reaches up to 80 percent, which is not only a sign of over budgeting, but also weak ownership by Government of gender equality in practice. The MGDS II design entailed identifying projects at sectoral and sub-sector level, and combining them at central level to define a national development agenda. The projects costed included those that were not completed during the MGDS implementation and newly prioritized ones. A key observation or missing link in the design of the MGDS II is an absence of a resource mobilization strategy which is central to the actualization of the development agenda.

6.2 Relevance of the MGDS II

In principle, a national development strategy should be used to benchmark other national and sectoral development processes and plans, acting as a key reference point. The MGDS II review concludes that, for reasons explained in many parts of this document, the national development strategy was not used to benchmark other sectoral strategies as would be desirable in an ideal development planning situation. As explained elsewhere, evidence point to development processes of many sectoral plans being undertaken independent of the MGDS II.

However, as a development instrument, the MGDS II remained relevant to the country. Firstly, the MGDS II has had a mutually reinforcing relationship with the MDGs, to which the national development strategy contributed; The extent to which the MGDS II is aligned to global and continental development commitments has also been explained in this report. In the section, it is explained that MGDS II is to a large extent aligned to global and continental development commitments, though some challenges exist, especially at the level of implementation. A detailed discussion is made on linkages between the MGDS II and global commitments. The analysis shows that some sectors, such as health and education are more strongly linked to the MDGs process, by virtue of the indicators and targets set in those sectors, which the MDGS II has also tended to benefit from at the level of development of sector by sector monitoring plans. For other sectors, where the MDGs process has had a more modest linkage, the situation is less clear. Furthermore, because of challenges with lack of results-orientation and evidence based planning, within the context of the national development process, the extent to which MDGS II is relevant to all the other major national and global processes has somewhat been muted.

6.3 Appropriateness of the Costing Framework

National Treasury and the Public Sector Investment Programme (PSIP) made efforts to 'align' national budget to MGDS II priorities. On paper there is substantial reference to MGDS II budget lines in national budget statements, 2012 - 2015. However, resource allocation deviated from the plans to a very large extent. The costing framework had built in dependency on DP funding of 30 - 40 percent of budget support. This support was premised on assumptions that have not been realized. Support to PSIP funding from DP funding was 55 percent in 2012, rose to 76 percent in 2014/15; declined substantially for 2015/2016. The costing framework was based on unrealistic assumptions relating to available resource envelope, hence lacked sustainability.

There has been a huge backlog of PSIP projects, with a large number of projects going beyond the stipulated 5 years, some with a duration of more than 6 - 7 years (for example, some key transport, public infrastructure, roads and tourism projects). One-Village-One Product (OVOP) has never had enough funds to roll out the key national programme, critical especially for rural development. OVOP has been getting barely 20 percent of its required budget from National Treasury, of MK500 million, minimum; realizing only MK100 million per annum.

Box 1.3: The Financing of PSIP Projects in MGDS II Period

Expenditure under development part II (which refers to government contribution) was 50 percent of the approved allocation for the year - implying a less than desirable situation and severe implications on implementation of projects.

Some 90 percent of PSIP projects during MGDS II have been uncompleted, or only partially funded. The available resources have been unable to match demand for project funding. In the absence of proper planning and feasibility analysis, some projects also known to have been submitted with unrealistic budget requirements. There have also been cases of budget provisions for projects being much lower than what was required. Some of the reasons for non-performance are that at implementation, funding allocated often to projects was much lower than what was provided for in budget. In many cases national treasury only funded a very small portion of approved PSIP projects. For example, during the 2014/15 financial year, the development budget, centred on PSIP projects amounted to K196 billion. Of this amount, K147 billion (75 percent) was donor financed and K49 billion (25 percent) was financed by government. Similar trends are observed for the other financial years, from 2012/13 to 2013/14. The development budget in the 2014/15 financial year comprised of 27 percent of the total budget. At least 20 percent of the budget was foreign financed, implying high level of donor dependency; the GoM only financed 7 percent; in the 2013/14 budget, government financed only 3 percent of the development budget, external financing comprised 20 percent. It is noted that between 2013/14 - 14/15 period, 73 - 78 percent of the budget was for recurrent expenditures, comprising personal emoluments (PE) and other recurrent transactions (ORT), implying relatively little allocation for actual operations and implementation of programmes and projects. The situation described, which is representative of other MGDS II financial years shows a highly unsustainable pattern for the country and for Malawi Growth Development Strategy II implementation.

Summary of Challenges

During the period 2014/15, nearly 30 percent of the projects got no funding at all; 59 percent got 50 percent or less; 88 percent, had 70 percent or less level of funding. Budget cuts reduced part II from MK48 billion to MK37 billion (23 percent cut), which was already low in first instance. Inadequate funding for projects has been the order of the day. Delayed implementation characterized most projects with an inability to progress, especially with cuts being instituted on projects that were not at advanced stages. Delayed disbursements from donors due to an inability to fulfill conditions set in the Public Financial Management System. The development budget has remained most vulnerable to expenditure cuts compared to recurrent costs and salaries, during the MGDS II period. Part II has depended on performance of the economy which has been below expectation in recent years, below the MGDS II projections. There has also been pressure to reallocate resources from Part II to pressure points (especially PE and ORT, which has taken well over 70 percent of total annual budget). For development part I (donor contribution), expenditure was roughly 56 percent of the approved allocation. This coincided with donor withdrawal to budget support. The implication of both levels of part II and part I (donor contribution) support is a less than desirable contribution to operations of development projects, hence marginal results.

Source: PSIP data, 2015

To improve the efficient allocation of resources, since around 2013/14 Financial Year, Ministry of Finance has commendably been advocating that as a priority, budgets of Ministries and Departments should match the actual needs of women and men, girls and boys; and that activities, outputs and budget of each programme and sub-programmes should reflect the allocation of resources aimed at addressing any inequalities that are undermining sectoral development (gender responsive budgeting - GRB). GRB would help to dedicate resources towards unpaid care work, which often retards development if it is not supported by labour saving technologies and other infrastructure and/or incentives. The MMalawi Gender and Development Index (2011) reveals that the time that women spend on domestic, care and volunteer activities is six times higher than that of men. When not strategically addressed in macroeconomic policies and budgeting, poor women's responsibility for unpaid care work contributes to persistent gender inequalities, as well as the denial of their basic human rights to an education, political participation, decent work, among others.

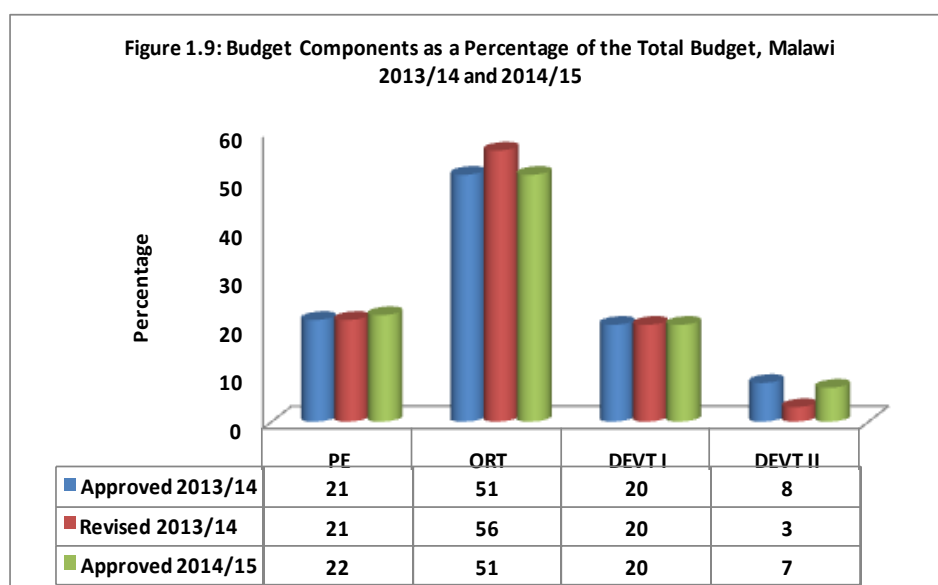
Despite the need for and requirement to implement GRB, a gender analysis of 18 votes that was undertaken for the 2015/16 budget reveals that there is widespread non-compliance to adopt such efficient budgets due to inadequate comprehension of what gender responsive budgeting entails within the core mandate of MDAs; and weak coordination and monitoring. This is a worrying gap that makes it difficult for MDAs use their core mandate in effectively address inequalities that affect the full development of subgroups of men and women.

6.4 Case Analysis of Implementation of Development Budget

6.4.1 Overview of the 2014/15 National Budget

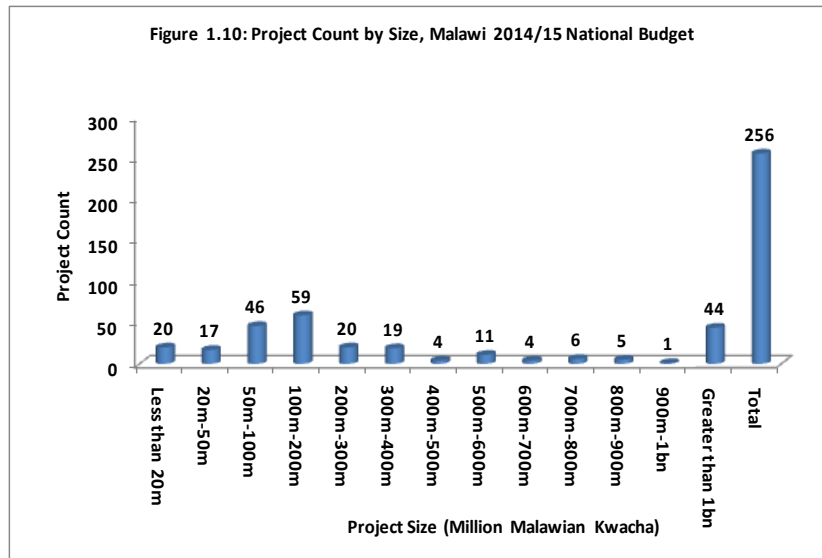
Starting on a positive note, during the MGDS II period, there are indications that the Ministry of Finance and Economic Planning and Development sought to align the national budget to the national growth development strategy. This has been demonstrated in the annual narrative financial year statements, from the period, 2012/13 – 2014/15. What derailed the planning process has been the huge gaps between the available resource envelope and the budgetary plans, the latter tending to be over-ambitious.

Figure 1.9 shows the budget outturn relationship between recurrent expenditure and the development component of projects. For example, the PSIP and development budget has remained a small component of the national budget, accounting for less than 30 percent of the total in most years.



Source: MFEPD, PSIP, 2015

Figure 1.10 shows the composition of PSIP projects during the 2014/15 national budget. The figures show that about 142 (55 percent) out of a total of 256 projects had a budget of MK200 million or less, whilst 44 (17 percent) had a budget of at least MK 1 billion. Overall, bigger projects, with a higher capital outlay had lesser chances of being funded than the smaller ones, where financial demands were lower. This explains why some big national projects have remained pending and been rolled over from one financial year to another for many years (*refer to Box 1.3*).



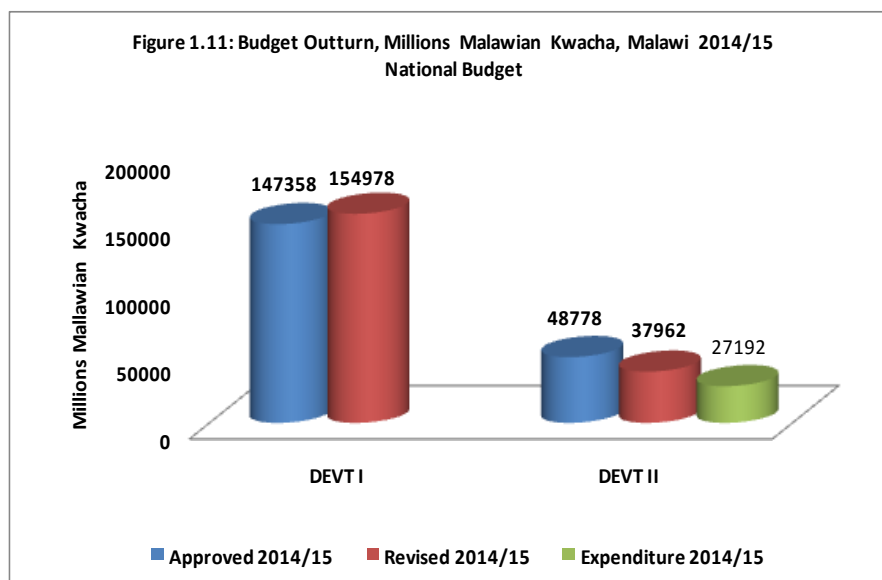
Source: MFEPD, 2015

Box 1.4: Profile of PSIP Projects that have Encountered Financing Challenges

Key projects such as 'Improvement of Access Roads to Resort Access - Salima (2005)', listed under the Tourism sector, remains completely unfunded for many years, also with an additional challenge of lack of collaboration between the Ministry of Transport and Public Infrastructure and the then Ministry of Tourism. This reflects a fragmented approach to doing business between government ministries, departments and agencies. Other PSIP projects that have remained in the '*pending basket*' for a long time include:- (a) 'Development of Kamuzu Memorial Park (**still at zero funding**); (b) 'Restocking of National Parks, Wild Life Reserves and Nature Sanctuaries (2008 - 2013), an on-going and partially funded project; (c) 'Development of Ecotourism Infrastructure, Facilities and Services in National Parks (2008 - 2013), an on-going project but not funded to date; (d) Acquisition of airport navigation equipment (2007 - 2015); (e) 'Rehabilitation of Chileka Airport Terminal Building and Security Fence'; (f) 'Rehabilitation of KIA Terminal Building', an 'on-going project'; (g) Upgrading of aerodrome at Mangochi; (h) Automation of airport administration system; (i) Acquisition and modernization of fire-fighting equipment.; and (j) Reconstruction of Blantyre City Road, Phase II; after many years of being stalled is now being constructed with Japanese funding and is due for completion by December, 2015.

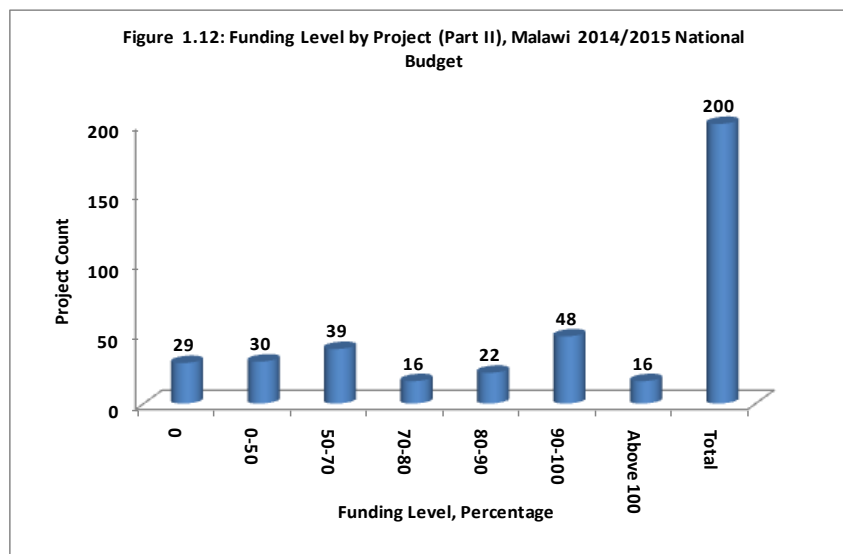
Implementation of the Development Budget

Figure 1.11, shows that for the 2014/15 financial year, the implementation of the Malawi development budget, made up of part I (Development Partner) and part II (Government contribution), is well over 70 percent donor financed, which is not sustainable. The pattern observed has not changed substantially during the entire MGDS II period.



Source: MFEPD, 2015

With the overall budget performance in most MGDS II years being unsatisfactory, most projects were heavily under-funded. For example, during the 2013/14 financial year, 76 percent (127 out of 168) of the projects in the national budget received less than 50 percent of their annual provision. The Ministry of gender has not been spared despite the fact that the thematic area of gender was not a KPA and yet the Ministry is still supposed to effectively coordinate gender mainstreaming interventions in all sectors. Although there some improvement in the budget outturn during the 2014/15 period, the situation remained unsustainable (Refer to Figure 1.12). Figure 1.12 shows erratic funding levels of projects, which has been a characteristic feature of the MGDS II period.



Source: MFEPD, 2025

6.4.2 Design: Evaluating Relevance of Priority Areas and Costing Framework

Although Malawi has a well-established policy planning process focused around the MGDS II, its impact on public expenditure planning is considered limited (The World Bank, 2013). The Medium Term Expenditure Framework (MTEF) is meant to provide a framework for a more policy-led budget process. However, the prevailing situation is that budget planning in MDAs continues to be incremental with limited strategic thinking over the implications of policy and programme priorities for budgetary resource allocations. There are a number of factors that contribute to this situation.

From a budget planning perspective there are significant limitations in the policy framework and sector strategies provided in the MGDS II (World Bank, 2013).

- i. Little analysis of policy trade-offs or specification of policy targets and priorities.
- ii. The sector strategies are of variable quality and in some sectors are little more than statements of the objectives and role of government in the sector. This against the background of lack of strategic guidance.
- iii. The MGDS II spending plans are presented on a needs basis, rather than prioritised against a resource constraint, and therefore tend to be aspirational rather than realistic.
- iv. The MGDS II is overly focused on public investment and new spending initiatives and fails to address issues around the reforms needed to make better use of existing resources.

Finally, although the MGDS II has been reviewed annually, there is no process for annual updating and rolling forward of the strategy to maintain the forward planning horizon which takes into account emerging critical developments.

Analysis and Assessments

A wide range of stakeholders consulted (from Government, CSOs, Academia, Private Sector and Rural District Councils) point to politically driven 'prioritization of projects'. Apart from the well documented challenges of resource constraints, this has also resulted in many projects being incomplete, as resources have been taken from incomplete projects to 'new priorities'.

There is good reference to MGDS II thematic areas and KPAs in the Ministry of Finance Public Financial Management Statements, a development which is reflective of good intentions. However, these intentions were not followed through with action and commitment to deploy resources strategically to get results.

Needs based costing is not reflective of strategic thinking, with Malawi being unable to make the most from limited resources. In fact, needs based costing has not been reality grounded. How priorities were identified and financial support sequenced has not been clear to most stakeholders. To build into the budgeting process, attempts have been made by the GoM to improve the national budget planning process.

The need to base national growth and development strategies on comprehensive and evidence based analysis, building on existing proven mechanisms and strategies is central to success. The MGDS II experience is that there has not been an informed analysis linked to the Thematic Areas or KPAs. KPAs were not prioritized in a systematic manner based on sound technical and socio-economic analysis. High growth productive, social, complementary, enabling sectors, and their linkages have not been analyzed. There has not been a cost benefit analysis or an objective way to determine return from a wide range of investment options in areas that were stated as KPAs, or indeed those that were left out.

For example, if planning was strictly based on evidence, the fact that 50 percent of girls in Malawi get married by 18 years should have been reason enough to place efforts to combat child marriage as a key national priority. Child marriage obstructs efforts to achieve sustainable development and eradicate poverty and its heavy opportunity and financial costs on Malawi are clear for all to see. These include its negative impacts on population and demography, health and nutrition, education, labour force participation, earnings, public and private social spending, household growth potential, and overall economic growth.

Generally, this means that the MGDS II theme of gender, which also aimed at addressing gender based violence, would not have been relegated to a ‘non-key priority area’ given the proven economic costs of violence against women in Malawi. A 2013 study estimated that direct costs of handling physical domestic violence cases was K877 million (USD2,698,462) per year at an average of K1,800 (USD5.5) per case. The indirect economic costs (related to interrupted productivity, education, reduced profitability of businesses/bankrupted businesses, reduced school performance, lost income, medical and other expenses, reduced quality of life , among others.) were much higher at K28 billion USD (86 million), which was equivalent to 20 percent of the total GDP. A rights based approach to gender equality therefore demands that development planning should closely examine and prioritize problems that affect poor women and men (including girls and boys) is those living in extreme poverty are to be included in development. A 2011 study by the Ministry of Health on the costs of unsafe abortion established that annually, Malawi could save about USD435,000 if the health response prioritized access to safe abortion services as opposed to post abortion care.

Perhaps a most compelling case for the urgent need to upgrade gender equality in development planning has been made in a recent most comprehensive attempt to date to estimate the size of the economic potential from achieving gender parity. Through a study that was published by Mckinsey Global Institute in September 2015 and that involved 95 countries, it has been established that advancing women’s empowerment can add USD 12 trillion global growth. The study recommends that savvy national planning should focus on 10 “impact zones” that all apply to Malawi namely: blocked economic potential, time spent in unpaid care work, fewer legal rights, political underrepresentation, violence against women, low labor-force participation in quality jobs, low maternal and reproductive health, unequal education levels, financial and digital exclusion, and girl-child vulnerability. Looking at the poor development indicators for women (and girls) in most spheres of life as seen below (Table 1.4), prioritizing gender equality should come as a natural decision if Malawi is to make headway in fulfilling Sustainable Development Goals.

Table 1.4: Mckinsey’s 10 impact zones and relevance to addressing poverty and its causes in the development context of Malawi

Impact zone	Position of women in Malawi
1. Fewer legal rights	Women in Malawi continue to have fewer legal rights not because of the absence of appropriate laws, but mainly because of poor implementation and enforcement of existing gender related laws. This is due to poor knowledge about these laws across sectors and amongst the general public, lack of costing of the laws, lack of consistent budgetary allocations for the implementation of the laws in sector specific contexts, and lack of monitoring mechanisms to track levels of implementation and enforcement of the laws. To make progress, these mechanisms ought

	to be applied towards: the Prevention of Domestic Violence Act (Cap 7:05) of the Laws of Malawi; Child Care, Protection and Justice Act No. 22 of 2010; Deceased Estates (Wills, Inheritance and Protection) Act No. 14 of 2011; Gender Equality Act No. 3 of 2013; Trafficking in Persons Act No. 3 of 2015; Marriage, Divorce and Family Relations Act No. 4 of 2015.
2. Blocked economic potential	Economic power is one of the three blocks that are measured by the Malawi Gender and Development Index (the others are social power and political power). According to 2011 data, women's performance in the economic power block stood at 0.661 (against a score of 1). Indicators that are used to measure women's economic power are income, time use, employment and access to resources. The fact that more women (51.6 percent) than men (48.4 percent) live below the poverty line demonstrates their low income levels. For example, despite being primary agriculturalists, women earn less (78 percent) from smallholder agricultural enterprises than men. The income of women in informal enterprises is also 50 percent less than that of male counterparts. In terms of time use, men spend one and a half hours more than women in market economic activities. Women spend six times more time than men in unpaid care work. With regards to employment, factors that block the economic potential of women are low labour participation rates in non-agriculture wage employment (30 percent), including low participation of women in professional and decision making positions. For example, by 2015 only 24 percent were in decision making positions in the civil service. Women's low access to economic resources is manifested, amongst others, by their low access to land (men own 80 percent of plots) and livestock (men own 55 percent of livestock compared to 45 percent for women). Deliberate actions to improve women's access to opportunities, including through affirmative action on employment, promotions and business loans has been slow.
3. Time spent on unpaid care work	<p>The Malawi Gender and Development Index (2011) reveals that the time that women spend on domestic, care and volunteer activities is six times higher than that of men. Through unpaid care work, women are subsidizing the State by spending a bulk of their time on services that should be provided by the State (e.g. water, energy, healthcare etc). Implications of unpaid care work are that:</p> <ul style="list-style-type: none"> – It perpetuates women's 'time poverty' due to an overload of domestic duties that limits the work that women can put into income generating activities. – It reduces rural women's farming potential, and this compromises the food security of households – It diminishes human capital, since the heavy workloads of women and girls limit their access to education, health services etc. – It decreases women's political voice, since women have little time to participate in local decision-making forums and in playing a full active role as community leaders.
4. Political under representation	Since 1994, women's representation in Parliament has never reached 25 percent. Despite some steady increases in figures between 1994 and 2009, the country suffered retrogression in 2014. Women's representation as MPs was 5.7 percent in 1994; 9.3 percent in 1999; 14.4 percent in 2004; 22.3 percent in 2009; and 16.7 percent in 2014 (current). Women only constitute 14 percent of Councillors.

5. Violence against women	In 2013, the Malawi Police registered 6,105 cases of gender-based violence, and 11,492 cases were registered in 2014. Women reported about 90 percent of these cases. In 2013, the estimated direct costs of handling physical domestic violence cases was K877 million (USD2,698,462) per year; while indirect costs were K28 billion USD (86 million).
6. Low labour force participation	Gender inequalities in opportunities to employment between women and men prevail in non-agriculture sectors, where men dominate due to women's low levels of education. The share of women in wage employment in non-agriculture sectors was 15 percent in 2004. The Malawi Labour Force Survey of 2013 established that currently, women constitute 30 percent of total wage employment in non-agriculture sectors. The fact that illiteracy rate among women is 56 percent compared to 28 percent among men is the root cause for this discrepancy in the numbers of women in non-agriculture wage employment.
7. Low maternal and reproductive health	While reproductive health indicators have generally improved, the statistics still suggest that Malawi has a long way to go to attain acceptable global standards for most of the indicators. Maternal mortality ratio has dropped from 1,120 deaths/100,000 live births to 574 deaths/100,000 live births; Adolescent birth rate as age-specific fertility rate has dropped from 193 per 1,000 births in 2010 to 143 per 1,000 births in 2014. Contraceptive prevalence rate (CPR) has moved from 21% in 2000 to 58.6% in 2010; unmet need for family planning has dropped from 30% in 2000 to 19.4%; Total Fertility Rate has dropped from 6.3 in 2000 to 5 in 2014. Malawi remains one of the top poor performing countries in Africa when it comes to maternal mortality, adolescent birth rate and total fertility rate. Cervical cancer is also the leading cancer that kills most women in Malawi.
8. Unequal education levels	Overall, the Malawi Action Framework for Accelerating the Attainment of MDGs (2011) established that illiteracy rate among women is 56 percent compared to 28 percent among men. According to the MDGs Endline Survey (2014), the literacy rate for women aged 15 – 24 years is at 72.4% and 77.8 for males. Std 8 survival rates for girls stand at 28% compared to 35% for boys. Net secondary school enrolment is 15% for girls and 16% for boys. In the 2014/15 selection into the generic undergraduate programmes University of Malawi (UNIMA) and Lilongwe University of Agriculture and Natural Resources (LUANAR) respectively, females constituted 48 percent and 43 percent of selected students respectively. Females selected to the Malawi University of Science and Technology constituted 26 percent of the student body. In 2015/16, Mzuzu University's (MZUNI) female selection increased to 40 percent. Notably, UNIMA, LUANAR and MZUNI are making strides, having taken steps to ensure that at the minimum, the ratio of 40:60 for either sex is met. Thus one of the pressing issues is to work towards equal education levels for women and men in science, technology and mathematics courses in order to promote women's adequate participation in sectors where men continue to dominate.
9. Financial and digital exclusion	<ul style="list-style-type: none"> Financial exclusion – Under the Malawi 2012 MSME Report, 46 percent of women as opposed to 41 percent of men had problems in accessing finances to grow their businesses. Of the women doing business, 55 percent did not use any financial services, compared to

	<p>62 percent of men. About 20 percent of women were banked compared to 24 percent men. Inadequate access to land as collateral is a major barrier for women to access credit.</p> <ul style="list-style-type: none"> • Digital exclusion - According to the MDGs Endline Survey (2014), females aged 15-24 years: <ul style="list-style-type: none"> – who had used a computer in the past 12 months stood at 3.4 percent compared to 9.3 percent of their male counterparts. – who had used internet in the past 12 months stood at 3.9 percent compared to 12.1 percent of their male counterparts.
10. Girl child vulnerability	<p>About 50 percent of girls in Malawi get married before the age of 18 years compared to 9.1 percent for males. In 2014, 10.3 percent of women aged 15-49 years who were married/in union before 15 years compared to 1.5 percent for males; HIV prevalence among female young people aged 15-24 years is at 5.2 percent compared to 1.9 percent for their male counterparts. School related gender based-violence, defilement and harmful practices are some of the issues that highly affect the development of girls than boys.</p>

Sources: Malawi Beijing+20 Country Report (2015); MDGs Endline Report (2014); Malawi Gender and Development Index (2011); Malawi MDG Acceleration Framework and Country Action Plan (2011)

There has been a thin spread of resources without properly linking investments to results or outcomes. For example, high growth areas (which have not been accorded the priority required), have been put at par with social sectors, complementary and enabling sectors. Linkages and overlaps between sectors have not been articulated and taken advantage of.

There is no compelling case on investment options identified. The situation has been further complicated by the withdrawal of DP resources to budget support, leaving the country's development landscape highly vulnerable. This has been against the background of limited domestic resources.

7. STRUCTURAL ORGANISATION: INSTITUTIONAL FRAMEWORK

7.1 Coordination and Institutions

Lessons on development good practices show the need to embed national growth development strategies in high level government commitment and influential lead institutions. There is need to ensure a strong institution or group of institutions spearheading the process, for example, the Office of the President or Vice President. Clearly, in the case of Malawi, EP & D has not been equipped fully with resources and high level government commitment and capacity enhancement of lead institution (EP & D) to place MGDS II at the centre of national development. In 2014, EP & D was 'downgraded' from a fully-fledged ministry to a department under the combined Ministry of Finance, Economic Planning and Development.

There has been limited mobilization at all levels (Central MDAs, Sectors, Local Government Authority (LGA) structures, without decentralised EP & D structures and high level policy level interactions. A strategic and inclusive national MGDS II dialogue has been missing. Even the mobilization and coordination of structures to support EP&D in areas where its capacity is minimal (for example, rights based approach and gender mainstreaming) has been disjointed. The full engagement with Office of the President and Cabinet (OPC) is required to ensure higher level control and management of the development process, quality control structures, delivery of results, reporting and accountability at all levels from the Executive, Cabinet, and Parliament, right down to grass-root structures at decentralised local government level (DLG).

Weak policy level linkages exist. The MGDS II Review notes that virtually all the structures established to oversee the implementation of the MGDS II are not functional. There is no reporting even in the MGDS annual review reports why this is the case. There are no reports written anywhere to justify or explain the status quo. It can be concluded that policy level interactions at all levels have been compromised by lack of commitment, a dysfunctional/ineffective M & E structure, resource (human and financial) capacity constraints, from central and decentralized levels. There has been no proper mechanism to feed and exchange views, effectively, on the MGDS II development agenda, a critical review of progress to the key arms of the state: (Executive, Legislature (Parliament), Judiciary).

7.2 Stakeholder Participation

Despite efforts made, there is no evidence of effective broad based consultations prior to MGDS II formulation (most KPAs being largely 'roll-overs from the MGDS), apart from soliciting contributions from MDAs at central level; aggregated into the overall MGDS II, and expanding MGDS I KPAs. The implication has been a lack of focus, with a massive number of sectors and sub-sectors deemed as MGDS II compliant, even without resources to support implementation.

There were no functional and effective partnerships built between Government, Civil Society, Private Sector, Academia and Development Partners, from planning to implementation, monitoring, supervision and progress reporting. Whilst there is some evidence of participation of a broad range of stakeholders during the initial phases of the MGDS II, the envisaged central and decentralized structures were not enforced for the MGDS II, remaining largely inactive. Weak civic engagement departs from underlying principles of democratic governance and usually translates into programming that does not fully resonate with priorities of the poor. Therefore, it becomes no surprise when development planning fails to achieve desired impacts on poverty reduction. There was no follow ups

and report backs on the structures, with a disjoint between and within the sectors as a result, in part of fragmentation in the MDAs and in part due to lack of commitment.

7.3 Weaknesses in Coordination of Stakeholders

The MGDS II design envisaged that the National Stakeholder Forum, Steering Committee would convene a meeting at least once a year. The meetings have never been convened, neither is there any report available to report on the progress of the National Stakeholder Forum.

Only a few (4 – 5) SWGs have worked well, most (11 – 12) have not, creating gaps in strategic MGDS II engagement and tracking (see Study of SWGs, 2014). A lesson drawn from the Gender, Children Youth and Sports Sector Working Group⁴ is that SWAPs are likely to be effective if they have a costed strategic plan which is supported by: (a) clear implementation governance structures at district and national levels; practical coordination mechanisms; (b) a results based M & E framework; (c) a resource mobilization strategy; (d) a communication strategy, (e) a visibility strategy and, (f) adequate resource commitments. The Democratic Governance SWAp provides the good example that baselines are key to tracking sectoral progress. Attempts at implementing the SWAp, offered high level promise initially, but has not been fully implemented in virtually all the sectors where attempts to implement it have been made.

District M & E Coordination Committees were supposed to be active in overseeing performance monitoring for MGDS II. The envisaged MGDS II district M & E coordination committees, inter-institutional have not been functional. A major reason for weak performance has been cited as lack of technical support, with existing District M & E officers unable to provide effective M & E support to district councils because of resource and capacity constraints. For example, there is no regular budget for District M & E officers to carry out their mandates.

There has not been an established mechanism to follow up on all the structures to coordinate stakeholders, and enable implementation efficiency, effectiveness and sustainability. Neither has there been an effective mechanism to coordinate gender focal points that exist in some Ministries and equip them to facilitate meaningful programming that addresses needs of the sex or social grouping that is weakly benefiting from the provision of goods and services.

⁴ The SWG is responsible for all planning and budgeting activities affecting is gender, child development and youth empowerment the in order contribute to the achievement of the MGDS II.

7.4 Structural Organization: Institutional Strengths - Stakeholder Coordination

There is a coordination framework in place for MGDS II, involving EP & D, with government and DP support. Development partners such as the United Nations Development Programme (UNDP), the European Union (EU) and others have been giving the Ministry of Finance, Economic Planning and Development technical assistance in a number of areas. The support covers coordination of development programmes and technical assistance in aid effectiveness, amongst other areas. There is recognition of capacity constraints at EP & D, hence measures that have been sought to address the challenges. However, there are unclear mechanisms regarding how DPs are working in unison to ensure that EP&D has comprehensive capacity in all areas necessary for the full and effective coordination and monitoring of the national development framework.

The implementation of the Decentralisation Policy by the GoM can be viewed as a window of opportunity to pursue a people centred national growth and development strategy. Decentralization offers prospects to fast-track performance over time, build district and local level structures, devolution of roles and responsibilities, including strong, capacitated implementation and coordination structures – including prioritization of development agenda away from the centre. There is however, need for strong political commitment to change the rules of the game, paradigm shift in the manner government business is done at both central and decentralized levels.

7.5 Maximizing on Emerging Opportunities

There has been a recent national effort to revamp Sector Working Groups (SWGs), coordinated by the EP & D, with support from OPC. The measures include the deployment of desk officers and other mechanisms agreed at central level with a view to making SWGs functional and effective. These include actions on:-

- Strategy making/development;
- Drawing up joint programme of work; and
- Development of sector based M & E frameworks.

DP withdrawal from budget support can be used as an opportunity for seeking alternatives (more efficient domestic resource mobilization and utilization). A number of private firms, both locally based and foreign, are keen to invest more actively and aggressively in Malawi but need an enabling environment that guarantees investment security through enforcement of legislations, regulations and many of the measures already laid down at sectoral levels and central level. Many of the measures are already articulated in the Public Sector Reform, the Organizational

Performance Agreement, the Public Financial Management (PFM) and the Integrated Financial Management Information System. A new initiative, Pilot Programme Based Budgeting is currently being implemented and offers an opportunity for improving public financial management in Malawi. Further, the Department of Human Resources and Management Development (DHRMD) has been promoting the appointment and training of gender focal points in Ministries and Departments, which is an opportunity to institutionalize effective programming towards systematically addressing inequalities that shortchange the development of sectors of society, especially when the gender focal points are at management level.

The future National Human Rights Action Plan (NHRAP), which is expected to be operational from 2016, is also another opportunity to inculcate and strengthen rights based programming approach across all sectors. The NHRAP will spell out multi-sectoral priority actions in the areas of economic, social and cultural rights; civil and political rights; women's rights and gender equality; children's rights; and rights of people with disabilities and other vulnerable groups. It will also be instructive on issues of business and human rights; strengthening human rights and democratic institutions; and upholding international human rights obligations.

8. EFFECTIVENESS OF MGDS II IMPLEMENTATION

8.1 Policy Level (Macro)

With the coming into power of the Joyce Banda government, MGDS II lost visibility in favour of the Economic Recovery Plan (ERP). However, there is an understanding that the ERP was a sub-component of the MGDS II, but with a renewed focus on interventions that would fast-track the turnaround of the economy for accelerated progress.

At both planning and implementation stages, there was need to target or earmark resources to critical areas, especially high growth sectors and socio-economic issues that have the most negative developmental impacts on those living in poverty. As seen in this review, the latter did not happen because gender was undermined as the missing link to accelerating growth and development. The Malawi MDG Acceleration Framework and Country Plan (2013) even identified four priority interventions that would guarantee impact namely: improving girl child school attendance and retention (especially secondary education and above), improving the economic status of women, promoting participation of women in decision making positions, and reducing gender based violence. Apart from addressing girl child education through the education KPA under the MGDS II, the rest of the recommended interventions have been haphazardly addressed (usually

through donor funding), resulting in minimal impact and weak national ownership. Detailed and specific policy-level recommendations to improve the design of the next National Development Strategy are in the recommendations section of this review report.

8.2 Sector Level (Policies and Strategies)

The MGDS II review shows that most sectoral strategies (SSs) and sector plans (SPs) have been driven by MDAs with a disconnect from MGDS II.

Most sectoral strategies have not been derived from national development agenda, from the MGDS II – the opposite is true. Within many sectors, management in the MDAs expressed the need for the provision of more strategic guidance by EP & D, in the area of alignment between SSs and MGDS II.

The purpose of MGDS II in national development programming was not well understood in most MDAs and in the development planning framework – in terms of sequencing processes. This explains why many MDAs were still developing SPs and SSs, independent of MGDS II or any successor Strategy. For example, although the Health Sector Strategic Plan had a lifespan similar to the MGDS II (2011 – 2016), despite making reference to MGDS II in the foreword, it was developed independent of MGDS I. Unless extraordinary measures are undertaken, even the development of the forthcoming Health Sector Strategy (HSS) is not likely to be aligned with the plans to develop the next national development plan, posing possible future misalignment challenges. The Education Sector Strategy had a 10 year time-frame, with no evidence of its being synchronized to MGDS II at either the planning stage or during implementation.

Many sectoral plans are formulated (independent of MGDS II) and never formally implemented and are expiring whilst still in draft form. The constraints associated with non-implementation of the Sectoral Plans/Strategies are also linked to challenges confronting MGDS II implementation – capacity and resources (Central Government as policy enabler vs implementer of projects and programmes?). There are many strategies and policies such as, the Draft Private Sector Development (PSD) Strategy, which stakeholders would like Government to use to create space for implementation – rather than being the implementer itself.

Some sectoral strategies and plans being formulated at the time of the MGDS II review would outlive the MGDS and predate the new strategies. The Agriculture Sector Strategy had long expired and a new initiative started in the mid-year to develop a new SS. The extent to which the Agriculture Sector's Gender and HIV Strategy (2013-2017) is implemented along with MGDS II strategic actions is not even visible. The Draft National

Gender Policy has existed in several drafts since around 2008, and the policy was only adopted by Cabinet around September 2015. It therefore predates the next development strategy, and this raises concerns as to how well it will align with the priorities of the MGDS II successor.

At the time of the MGDS II review, the development of some new Sector Strategies was in progress, with some MDAs having recently commissioned work to develop SSs regardless of MGDS II or outcomes linked to the formulation of the successor Strategy. There remains a huge potential loss of 'alignment battle' if the momentum to formulate new sector strategies continues without exploring mechanisms of forging functional linkages with the national growth and development strategy development process. There is a need for policy coherence that is required through an integrated approach which is also visionary in its planning.

8.3 Decentralized Level MGDS II Strategies and Achievement of Results

8.3.1 Links between MGDS II and Decentralization

The MGDS II makes strong reference to the Decentralization Policy (1998) because the policy is deemed to be critical to the successful implementation of MGDS II and its successor. The Decentralization Policy integrates governmental levels at district and local levels into one administrative unit through the following:

- i. Institutional integration,
- ii. Manpower absorption, and
- iii. Composite budgeting, provision of funds for decentralized services.

The GoM and the decentralization objectives are as follows:

- Making public services more efficient and cost-effective;
- Promoting accountability and local government and at local levels to reduce poverty; and
- Mobilizing masses for socio-economic development at local levels.

Furthermore, success in the implementation of the decentralization policy depends on strong financial contribution from the GoM, with an official target set at 5 percent of annual national revenues.

However, to date, only one percent of annual national revenue has been distributed as transfers to DLGs and during the MGDS II period. It is also noted that there is massive under-funding of District Councils, with slow or delayed implementation of projects. At the same time, there are also some capacity problems within MDAs to centrally implement projects and

programmes at decentralized levels in an efficient, effective and sustainable manner.

8.3.2 MGDS II and Rural Development

About 84 per cent of Malawi's population of approximately 15 million lives in rural areas. Agriculture is by far the dominant sector of the economy, employing some 85 per cent of the labour force and accounting for about 90 per cent of Malawian exports. Agriculture contributes about 38 per cent to GDP. Approximately 84 per cent of agricultural value addition comes from 1.8 – 2 million smallholder farmers owning on average 1-2 hectares of land. They mainly grow maize, and one third grows cash crops: burley tobacco, groundnuts, tea, paprika and cotton. On the other hand, approximately 30,000 agricultural estates cultivate 1.1 million hectares, which vary widely from one estate to another. They produce tea, flue-cured tobacco, coffee, sugar cane and about a third of Malawi's burley tobacco. In view of the large number of people in the sector and its overall national significance and the need to sustainably transform the rural economy, rural development becomes a key priority area which the MGDS II and its successor strategy ought to address in the medium to long-term. In so doing, attention has to be paid to addressing gender equality needs in rural development given that 55 percent of male headed rural households are poor compared to 63 percent of female headed households (Integrated Household Survey 3, 2011).

The Ministry of Local Government and Rural Development (MLGRD) developed an Integrated Rural Development Strategy (IRDS) through broad based participation (A Draft in place, 2015 – but yet to be formally approved by Cabinet). The reality on the ground is a slow pace of implementation of the Decentralization Policy, a result of lack of political commitment.

Against the background of fragmentation amongst sectoral strategies, the IRDS aims to coordinate all development plans and programs designed to address critical issues in the national development agenda at district level. Many of the issues have not been addressed satisfactorily during the MGDS II period. The issues include, amongst others, poverty reduction, livelihoods improvement, local governance, and wider economic development, social and human development, health and education, gender mainstreaming and women empowerment, population growth and demographic dividend, youth development and empowerment.

8.3.3 Effectiveness of Engagement Approaches to Achieve Results at Decentralised level

The GoM declared commitment to the decentralization of political and administrative authority to district levels, and this needed to have been backed up with concrete action, ensuring that capacities are enhanced at local levels. There has been a lack of strong links of national central levels

to decentralized local government structures, that is, District Councils. Decentralization diverts the implementation of responsibilities from the centre and transfers these to districts. For reasons provided, the process has been slow.

Currently, capacity challenges that affect the effective achievement of results at decentralized level include: the inconsistent collection of sex disaggregated data; the weak existence of indicators to measure gender equality and governance performance in relation to the interests of marginalized and vulnerable populations; development of gender sensitive indicators; absence of gender responsive budgeting; inadequate rights based programming that is routinely based on sound understanding of activities that will have the most impact on the welfare and empowerment of specific groups, including on reducing gender inequalities.

8.3.4 Relevance of Interventions and Prioritization at Decentralised Level

There was erratic funding for key projects 5 years of MGDS II, with limited tangible achievements. The resources were thinly spread. Only 30 percent of the budget of District Councils has been funded in the past 5 years, leaving a huge deficit of unfunded projects. In one instance, the LGDF resources which were supposed to come in November 2014, only came in July 2015, compromising implementation of projects, or rushing them through the remainder of financial year. It also seemed that road construction projects intervention mechanism was not results/outcome based, hence left no real impact on the ground as it pertains to these projects. A senior staff member in one district had this to say:

'There are no good roads in the villages. We are always working on the same roads because of challenges on quality, resultant upon poor supervision and low maintenance capacity. Roads in the villages are always inaccessible, even after they have been rehabilitated'. {Rural District Council (RDC) staff, Anonymous}.

There are cases where political leadership also influenced and interfered in the choice of projects, and their being rushed to meet political calendars, complicating things. Development in all sectors in the district was affected by political interference, with negative results. In another case, a district hospital, which catered for a population of over 670,000, in a region with a population of more than 5,600,000 people had in recent months (2015) been receiving 30 – 40 percent of its monthly budget which ranges between K35 – K40 million. This compromised access to drugs and quality public health services. Additionally, in most cases, weak civic engagement mechanisms have meant that many project priorities are not based on thorough consultations of subgroups of men, women, boys and girls. In any event, community priorities are not always implemented due to budgetary

constraints. In many cases, civic engagement is conditioned by the attitudes to power and authority of incumbent political regimes.

8.3.5 Sustainability

Although at DC level, there are structures established for planning purposes, namely village development committees and area development committees, and traditional authorities, these structures are not well connected and capacitated to play an oversight role on delivery of services by the public sector. Although women's participation is encouraged, more needs to be done to build their capacity so that they can facilitate meaningful impact in addressing societal inequalities. The decentralization policy is not being implemented at local levels to improve accountability of public service delivery. The absence of sound accountability and monitoring mechanisms to measure satisfaction by men and women with service delivery, and use lessons for improvements compounds the challenges. Resources are spread too thinly, with funding being erratic, a situation which compromises sustainability of development. Eventually, infrastructure projects and other sub-interventions are not sustainable because their quality is low, not outcome centred.

8.3.6 MGDS II, Decentralization and Challenges in Fiscal Devolution

More than 15 years after the National Decentralization Policy (1998) and the Local Government Act (1998) were passed, the following situation prevails:-

- i. The planned devolution of sector budgets has still not been implemented satisfactorily because 'devolving sectors were not provided with the necessary direction and guidelines'. Only the recurrent expenditure budget has been devolved while the development budget was not (GoM, Review of NDP, 2014).
- ii. Central Government Transfers, which were targeted at 5 percent of Net National Revenue have been below 1 percent of net revenue. The situation pertaining to the financing of district development plans is such that a large proportion of projects have been rolled over from one year to another, leaving potential beneficiaries dissatisfied, with a large portfolio of planned projects not financed over a long period.
- iii. Allocation of funds to District Councils is done through a formula while allocation below the council level is discretionary. This process can easily be politicised.
- iv. The Ministry of Finance, Economic Planning and Development still needs to develop guidelines, provide leadership in fiscal devolution more effectively. The ministry needs to 'increase funding to councils annually until strategic balance is attained between national level

and council level financial needs for service delivery and local economic development', (GoM, 2014).

- v. District Councils continue to face enormous challenges in revenue collection, with limited capacities to manage local economic development initiatives. This impacts negatively on the financial status of DCs. For example, the contribution of locally generated revenues to recurrent expenditures has remained very low, ranging from 1 percent to 21 percent. For obvious reasons, it is higher in Urban Councils, but both are unable to be self-sustaining (GoM, 2014).

8.3.7 Overall Challenges/Bottlenecks in MGDS II Implementation at Decentralized Level

The following key observations can be made.

- i. Only Ministries of Health, Education and Agriculture and Food Security have decentralised operations, but with staff still being line-managed from the headquarters.
- ii. The decentralization policy is still not fully implemented, with planning, design, prioritization of interventions determined from the Centre, with limited alignment with District Development Plans (DDPs). Implementation, monitoring and supervision is still heavily skewed in favour of the Centre.
- iii. There is no coherent M & E approach at district level, low capacity of M & E officers, (including to collect sex disaggregated data), with 70 percent of the M & E staff not qualified. There are no budgets to implement M & E plans and programmes at DC level. The state of M & E at district level remains less than desirable.
- iv. There are reports of open 'high level' resistance to devolution in various government line ministries, from certain 'well placed' heads of ministries. For some reason, to date, the GoM seems to have been either 'lukewarm' or unable to reign in resisting forces within its ranks. The National Decentralisation Programme (NDP) Review notes bureaucratic resistance which needs unblocking at highest level. (GoM/UNDP, July, 2015).
- v. Though decentralisation is based on the principle of 'power to the people,' the relevance of most District Development Plans and budgets is undermined by minimal consultations of grassroots communities, particularly socially marginalised and/or vulnerable groups.
- vi. Despite getting minimal resources, rampant corruption, some facilitated by line Ministry officials, has been reported at district council levels.

9. ALIGNMENT OF MGDS II WITH REGIONAL AND GLOBAL DEVELOPMENT COMMITMENTS

By focusing on selected issues (agriculture, education, health and poverty in general and women's empowerment), this part is merely illustrative of how the implementation of the MGDS II is aligned with regional and international obligations and commitments. Malawi is party to a number of international agreements and protocols, and the MGDS II was somehow supposed to be aligned with most of those protocols, principal among which are the Millennium Development Goals (MDGs). Just like its predecessor strategy, MGDS II was designed to reduce poverty, bring about prosperity in the medium term while accelerating attainment of the MDGs. There is also expectation of alignment to international commitments such as those pertaining to the Southern African Development Community (SADC), Regional Indicative Strategic Development Plan (RISDP), Common Market for Eastern and Southern Africa (COMESA), the African Union and the United Nations, amongst others.

9.1 Broad Alignment Considerations

The MGDS II had a clear aspiration to achieve MDGs, implementation was not seamless to the extent that results have been mixed, with four MDGs being off track. Evidence suggest that by emerging off-target on four MDGs, MGDS II implementation missed prioritizing and diligently pursuing a unified multi-sectoral approach to achieve the MDGs that were known to be trailing behind. The MDGs that were not met are: eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and the empowerment of women; and improving maternal health. The Malawi MDG Acceleration Framework and Country Action Plan (2013) mentioned key bottlenecks that were hampering progress, and suggested priority interventions. Common bottlenecks related to *service delivery* (limited institutional capacity and infrastructure, inadequate value addition and access to markets, among others); *service utilization* (unaffordable services, unavailable services, stigma, limited access policy limitations, limited skills, and/or knowledge, among others); *budget and financing* (limited funding, gender unresponsive budgeting). Other challenges were in *policy and planning* (traditional barriers, conflicts between formal and traditional laws, limited coordination capacity, limited technical capacity, limited participation by women in decision making, amongst others).

Going forward in the context of aligning national development policy with Sustainable Development Goals, prioritizing interventions that relate to unfinished MDG agenda has to be central if full national development is to be unhindered. Learning from the evidence relating to the economic arguments for addressing inequalities between men and society, the

attainment of SDGs Goal 5 (achieve gender equality and empower all women and girls) has to be central to national planning. Goal 5 has nine targets that would help to speedily resolve current development challenges that are perpetuating poverty in Malawi, namely: ending all forms of discrimination; eliminating all forms of violence against all women and girls; eliminating all harmful practices, such as child, early and forced marriage; recognizing and valuing unpaid care and domestic work through the provision of public services, infrastructure; ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision making; ensuring universal access to sexual and reproductive health and reproductive rights; undertaking reforms to give women equal rights to economic resources; enhancing the use of enabling technology to promote the empowerment of women; and adopting and strengthening sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

Malawi is not capitalizing on its demographic dividend and making sustained investments in its highly youthful population and women. Currently, high fertility (current total fertility rate is 5 births per woman) translates into poor education attainment for women who drop out of school and poor health outcomes for both mothers and children; a young population that is entirely dependent on resources of few adults (youth make 40 percent of Malawi's population); incapacity of families to save and grow the economy; low levels of school attendance and participation in formal economic activities among women , among others. All these impact negatively on the quality of human capital, economic productivity and economic development necessary to attain the SDGs and Vision 2020. A reversal of the current situation is needed for Malawi to start capitalizing its demographic dividend for purposes of achieving two main development outcomes (a) an economically productive human capital and (b) rapid fertility decline.

The demographic dividend is not being harnessed by fully pursuing constitutional, regional, and international human rights commitments that promote good governance and accountability. Regional and international commitments under various human rights instruments that Malawi has ratified call for the promotion of human rights of all societal groups should be an important part of development processes.⁵ Therefore,

⁵ Malawi has ratified the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention on the Elimination of all Forms of Discrimination against Women, the Convention against Torture, The Convention on the Elimination of Racial Discrimination, the Convention on the Rights of Persons with Disabilities and the Convention on the Rights of the Child. It has also ratified a total of 29 ILO Conventions, including all eight core Conventions, three of the four governance Conventions (with the exception of Employment Policy Convention No. 122) as well as 22 technical Conventions. It is a party to the 1951 Convention relating to the Status of Refugees (with reservations) and its 1967 Protocol (collectively jointly referred hereafter referred as the 1951 Convention). It has also ratified the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa. Malawi is a State party to the 1954 Convention relating to the

this outcome has to be visible in efforts to foster good governance and transparency. For now, the major challenge is that inadequate budgetary resources grossly impact on the operations and relevance of human rights institutions despite the reality that they are key to improving good governance indicators that inspire donor funding.

Alignment to international commitments was input-based, for example, with the African Union, Abuja and the Comprehensive Africa Agricultural Development Programme (CAADP) while with others it was **outcome based** (for example, MDGs) and with yet others it was **process based (for example, Paris Declaration)**. Sectoral allocation underlying the MGDS II costing framework were partly aligned and guided by international commitments relevant to the sectors. Between 2011 and 2013, with interventions seeking the attainment of the MDGs, Malawi's international commitments were anchored on an input-based approach and alignment. This was envisaged to contribute towards the attainment of MDGs, which, however, were outcome based.

The failure to prioritize gender equality and rights based values in development policies and programmes is inconsistent with constitutional and international commitments. Linking gender equality and rights-based approaches in development policies and programmes, is essential because gender equality (and sex nondiscrimination are basic human rights under both domestic and international frameworks. Domestically, gender equality is one of the principles of national policies under the Republican Constitution (1994). The Constitution also proscribes sex discrimination and guarantees special rights of women in both private and public spheres. The State has the obligation to implement the right to development by giving special consideration to women and people with disabilities. The Gender Equality Act No. 3 of 2013 is the major framework for promoting gender equality, equal integration, influence, empowerment, dignity and opportunities, for men and women in all functions of society. It prohibits and provides redress for sex discrimination, harmful practices and sexual harassment.

The promotion of women's property rights, a key to economic empowerment, is to be strengthened through the implementation of the Deceased Estates (Wills and Inheritance) Act No. 14 of 2011 and the Marriage, Divorce and Family Relations Act No. 4 of 2015. The latter also sets the age of marriage at 18 years, and its full enforcement is strong way to address the endemic challenge of child marriage. The same applies to the

Status of Stateless Persons Convention) but not to the 1961 Convention on the Reduction of Statelessness. Malawi ratified the UN Convention Against Transnational Organized Crime and its two protocols, the Trafficking Protocol and the Protocol against the Smuggling of Migrants by Land, Sea and Air on March 17, 2005. It has also ratified the Protocol to the African Charter on Human and Peoples Rights on the Rights of Women in Africa and the SADC Gender and Development Protocol.

Child Care Justice and Protection Act No. 22 of 2010, which prohibits child betrothal, child forced marriage and harmful practices against children. Domestic violence, which has adverse physical, economic, financial and social impacts can be effectively addressed through the comprehensive implementation of the Prevention of Domestic Violence Act (Chapter 7:05) of the Laws of Malawi. The Trafficking in Persons Act No. 3 of 2015 has also been recently passed and it is an important measure for addressing development challenges of child labour, forced labour and sexual exploitation. Having made the commitment to facilitate equal development between men and women through the implementation of these domestic laws, it is unjustifiable that plans and resources for their implementation should be weakly pursued in development planning and programmes.

Several international frameworks cement the GoM's commitments to pursue programmes and policies that are informed by human rights and gender equality programming. The Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) have principles related to progressive realization (of rights); non-retrogression (of rights); allocation of the maximum available resources (for policies and programmes); participation, transparency and accountability; and non-discrimination and equality. These principles connect the gender equality agenda with all other aspects of development by defining the path that policies and programming have to take to eliminate inequalities between men and women. The requirement for States to adopt steps to use maximum available resources to achieve the progressive realization of the rights under the ICESCR justifies the application of gender-responsive budgeting in scrutinizing government expenditures, government revenues, monetary policy and use of development assistance so that the State does not ignore its human rights obligations.

Specific commitments towards to eliminating gender-based discrimination by effectively mainstreaming gender in economic programmes and budgets are also made under the SADC Declaration on Gender and Development, and the Doha Declaration on Financing for Development (2008). The Beijing Declaration and Platform for Action (1995) urges countries to integrate a gender perspective in budgetary decisions on policies and programmes, and urges governments to take steps to systematically review how women benefit from public sector expenditures. The principles of the Paris Declaration on Aid Effectiveness (2005), followed by the Accra Agenda for Action (2008) and the Busan Partnership Agreement (2011) call for mutual responsibility for improving the quality of aid and its impact. Support towards gender equality, human rights and social inclusion is integral to how these commitments are realized.

Loss of public funds through cashgate undermined adherence to principles underlying the Paris Declaration and Accra Agenda of Action

on Aid Effectiveness by both Malawi and development partners. This is also inconsistent with the obligation of the State under international human rights law to make the maximum use of its available resources for the gradual realization of economic, social and cultural rights. Massive theft of public resources due to lack of integrity in the public financial management system, led to loss of donor confidence of local systems and made impossible for donors to channel resources through local systems, harmonize procedures and actions. Cashgate also undermined mutual accountability resulting in donor withdrawal of budget support.

9.2 MDGS II Alignment to Agricultural Related Commitments

In agriculture, proposed MGDS II allocations were guided by the African Union /New Partnership for Africa's Development (NEPAD)'s CAADP Agenda which puts the floor on agriculture allocation at 10 percent of the budget. Consistent with CAADP Agenda, in MGDS the sectoral allocation to Agriculture and Food Security was planned to decline overtime from a peak 14.5 percent in 2011/12 to 10 percent of government budget by 2015/16. In reality, in the 2014/15 budget, the allocation to agriculture was 19.64 percent. In the 2015/16 budget, the total budget for the Ministry of Agriculture, Irrigation and Water Development has decreased by 5 percent, and represents 15.6 percent of the total national budget.

9.3 MDGS II Alignment to Education Related Commitments

MGDS II states that allocation to Education would be guided by the United Nations Education and Scientific Council (UNESCO) Education for All (EFA) Dakar Declaration and Framework for Action of 2000 under which the floor on spending on education is 20 percent. In MGDS II allocation to education was therefore projected to rise from 19.1 percent to 21.9 percent in 2016. In the 2014/15 budget, education science and technology was allocated 17.71 percent which was later revised to 19.30 percent. However, the budget allocation further suggests that allocation to education is planned to average 18 percent.

Progress toward achieving many EFA goals has been sluggish so that many will not be met in full by the end of 2015. These include expanding and improving comprehensive early childhood care and education; ensuring that by 2015 all children, have access to, and complete, free and compulsory primary education of good quality; ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes; achieving a 50 per cent improvement in levels of adult literacy by 2015 and equitable access to basic and continuing education for all adults; eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality;

improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

Under EFA and MDGs Malawi committed to universal primary education (net primary education). Under MGDS the national net enrollment ratios have improved from 84.8 percent to 88.7 percent (see Table 1.5). Among girls net enrollment was higher at 89.5 percent compared to 87.9 percent for boys. Although rural and urban disparities exist in terms of level, in both locations girls enrollment ratios are higher than boys (NSO, 2014).

Table 1.5: Primary School Net Enrollment Ratios (NERs) by Sex and Place of Residence, Percentage, Malawi 2010 and 2013

	Total		Girls		Boys	
	2010	2013	2010	2013	2010	2013
Malawi	84.8	88.7	85.6	89.5	82.2	87.9
Urban	92.5	93.6	93.6	93.8	91.3	93.5
Rural	83.6	87.8	84.4	88.8	82.7	86.9

Source: National Statistical Office (2014), Integrated Household Panel Survey, Zomba.

The transition from primary to secondary school is characterized by high attrition and under MGDS net enrollment in secondary schools actually declined. National Secondary School Net Enrollment declined from 11.4 percent to 10.9 percent (see Table 1.6). This was more driven mostly by decline among girls who had a 1.9 percent decline to 11.6 percent in 2013, than boys who witnessed a 1 percent increase to 10.2 percent. The national picture masks even greater variation between rural and urban areas. In rural areas secondary school enrollment actually declined from 10.2 percent to 7.56 percent while in urban areas net enrollment rose from 18.2 to 31.8 percent. These dynamics are reflected in boys and girls enrolments, which declined in rural areas while they increased in urban areas (NSO, 2014).

Table 1.6 Secondary School Net Enrollment Ratios (NERs) by Sex and Place of Residence, Percentage, Malawi 2010 and 2013

	Total		Boys		Girls	
	2010	2013	2010	2013	2010	2013
Malawi	11.4	10.9	9.2	10.2	13.7	11.6
Urban	18.2	31.8	13.8	26.6	23.1	38.1
Rural	10.2	7.56	8.3	7.4	12.1	7.8

Source: National Statistical Office (2014), Integrated Household Panel Survey, Zomba

Malawi has had improvements in literacy, although these achievements are below EFA goal. The literacy in population above 15 years increased by 6.8 percent from 64.5 percent in 2010 to 71.3 percent in 2013 (see Table 1.6 below). Although literacy rates among female headed household (8.2 percent) grew faster than among male headed households (6.6.percent), it was still 10 percent lower. More notable is the fact that the literacy rate in rural areas grew by 8 percent while it stagnated in urban areas, so that between 2010 and 2013 the gap in literacy rates between urban and rural areas widened (NSO, 2014).

Table 1.7 shows trends in literacy rates by sex of household head and place of residence.

Table 1.7: Trends in Literacy under MGDS II by Sex of Household Head and Place of Residence, Percentage, Malawi 2010 and 2013

Background Characteristics	Literacy Rate		Change in Literacy
	2010	2013	
Malawi	64.5	71.3	6.8
Sex of Household Head			
Male	66.5	73.1	6.6
Female	55.7	63.9	8.2
Place of Residence			
Urban	89.0	88.9	-0.01
Rural	59.6	67.6	8.0

Source: NSO, Integrated Household Panel Survey, 2014

Efforts towards raising the number of qualified teachers in recent years have seen some gain in improving the qualified teacher: pupil ratio which has decreased from 92:1 in 2009 to 1:76 in 2013. There is still a critical shortage of qualified teachers, especially female teachers, notably in the rural areas due to lack of housing and other amenities. There is a serious shortage of classrooms, whereas construction has not increased in line with enrolments, forcing many children to learn outside in the open. In order to reach the National Education Sector Plan target of 60 children per classroom it is estimated that more than 20,000 classrooms would have to be built. The situation is further strained by extremely high repetition rates (average repetition rate for standard 1 is 24 percent) resulting in extremely large classes, particularly in the lower standards. Teaching and learning materials are in short supply, though the situation has eased somewhat with the new curriculum reforms.

9.4 MDGS II Alignment to Health Related Commitments

Allocations to Public Health were guided by the Abuja Declaration under which African Union member countries committed to allocate at least 15 percent of their annual budgets to public health spending. At the inception of MGDS II, Malawi was one of six countries that was compliant with Abuja Declaration (at 18.5 percent of budget), and overtime public health spending was targeted to converge to the Abuja target, declining from 17.9 percent in 2010/22 to 16.5 percent in 2016. In reality, allocation to public health in 2014/15 was 10.03 percent and projected to hover around 9 percent for the next three years. Indeed, the budget for public health, sanitation, and HIV and AIDS Management in the 2015/16 financial year represents 9.2 percent of the total annual budget.

In line with MDG 4, rigorous national measures have been undertaken to reduce child mortality during the MGDS implementation phase. In 2010, the infant mortality rate, the probability of dying between birth and the first birthday, stood at 66 deaths per 1000 births and by 2013 it had declined to 53. The child mortality rate, representing probability of dying between the first and the fifth birthdays, has also improved from in 2010 to 33 deaths per 1000 children surviving to age one in 2013. Under MGDS I, the under-five mortality rate declined from 145 in 2004 to 112 per 1000 births in 2010. Under MGDS II, it declined further to 85 per 1000 births by 2013.

However, gains in child health and development are undermined by poor nutrition. The world over, malnutrition has been recognized as a barrier to attaining MDGs. Malawi has made limited progress in child nutrition, chronic malnutrition standing out as the main problem. Chronic malnutrition, measured by stunting, remains relatively high although under MGDS II stunting prevalence has declined from 47 percent in 2010 to 42.4 percent in 2013 (of which 16.3 percent were severely stunted). The degree of acute malnutrition, captured by wasting, is relatively low and has been stable under MGDS II. Between 2010 and 2013 the percentage of children under age 5 classified as moderately wasted declined from 4 percent to 3.8 percent (of which 1.1 were severely wasted).

Malawi is facing as is situation where the prevalence of underweight and overweight children has also been on the increase. Under MGDS II, the fraction of children under age 5 classified as underweight increased from 13 percent in 2010 to 16.7 percent (of which 3.7 are severely underweight) in 2013 at the same time the percentage of children under age 5 classified as overweight stands at 5.1 percent. The high prevalence of malnutrition has impacted greatly on education and health outcomes and thereby the development of this country, as evidenced by the recent cost of hunger in Malawi report (2015).

Although the MDGs have prompted Malawi to make considerable gains in reducing maternal mortality, it still remains higher than regional peers. Under MGDS I maternal mortality fell from 984 to 675 death per 100,000 births. Under MGDS II, maternal mortality declined further to 574 per 100,000 births by 2013. WHO estimates in 2013 placed Malawi among the top 16 countries with the highest maternal mortality rates. The major causes of maternal deaths include hemorrhage, hypertension, sepsis and unsafe abortion. Whilst skilled attendance at birth increased from 54 per cent in 2004 to 87.4 (MDG Endline Survey), 2014, access to emergency obstetric care services is still limited with only 2% of the health facilities providing a full package of the services⁶. In addition, there is a significant unmet need for family planning (19.4 per cent). One explanation for the slow decline in MMR is the fact that although 95 percent of Malawian women receive ante-natal care, only 12 percent visit the clinic in the first four months and just 46 percent of expectant women had the more than four visits as recommended. In addition, full progress in maternal health is often hindered by the weaknesses of other sectors because different relevant sectors have not been galvanised enough to align their responses with the strategy to prevent maternal deaths. Failure to decisively address the many otherwise avoidable maternal deaths is inconsistent with the obligations that Malawi has made to promote and protect women's right to the highest attainable standard of health under the Convention on the Elimination of Discrimination against Women (1979), the International Covenant on Economic Social and Cultural Rights (1966) and Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa (2003).

On the other hand, Malawi is recorded as a success story on combating HIV and AIDS under MGD 6. A lot of resources have been invested in HIV (mainly from Global Fund and other development partners). For example, in the 2015/16 budget, Ministry of Health (National AIDS Commission and Department of Nutrition and HIV), has been allocated 96 percent of sector's allocation. For women, it is both good and bad news. Good news because over the years, significant investments have been made to prevent mother to child transmission of HIV. Bad news because the gap between the HIV prevalence rate for women and men had increased from 3 percent in the 2004 Malawi Demographic Health Survey (MDHS) to 6 percent in the 2010 MDHS. The HIV prevalence rate of young women aged 15-24 years beat their male counterparts by almost three times. Therefore, national and PMTCT successes tend to mask the realities of HIV as a highly feminised epidemic that require systematic gender transformative responses. Currently, weak coordination makes it difficult to establish the scale of responses that strategically target men and women, boys and girls on the ground; and spending on how the national HIV response is being made to address gender inequalities between men and women as one of the drivers of HIV is not monitored.

9.5 MDGS II Alignment to Poverty Related Commitments

Poverty

Malawi, like other countries seeking to meet the MDGs, set for itself the target of reducing poverty by half. Based on the second and third Integrated Household Surveys, official poverty statistics suggest that the high economic growth rates witnessed over the period 2004-2011, had minimal impact on poverty. Nationally, there was marginal declines in the poverty headcount, poverty gap, and poverty intensity. For instance, the percentage of poor people in Malawi was 52.4 percent in 2004, and declined slightly to 50.7 percent in 2011. This national picture however hides the contrasting pattern in rural-urban poverty trends. The poverty headcount in rural areas minimally increased from 55.9 percent to 56.6 percent while urban poverty declined from 25.4 percent to 17.3 percent. Over the same period, the poverty gap and intensity worsened in rural areas, but improved in urban areas.

Perhaps somewhat puzzling is the fact that this dismal trickle down from growth to poverty reduction especially in rural areas coincided with the Farm Input Subsidy Programme (FISP), which provides low-cost fertilizer and improved maize seeds to poor smallholders who are mostly rural based.

Under MGDS II Malawi has not achieved the poverty reduction consistent with her international commitments as represented by the MDGs either. Poverty remained high and a predominantly rural phenomenon (see Table 1.8). Although rural areas account for 83 percent of the population, they account for 94 percent of the poor in 2010 and 90 percent of poverty in 2013. This explains why during the first three years of MGDS II, the national poverty marginally declined by 1.5 percent to 38.7 percent, largely driven by declines in rural poverty (by -3.1 percent to 40.9 percent). More worrisome for government should be the growth in urban poverty by 8.3 percent to 26.2 percent, representing one in every four urban residents.

The regional picture with respect to trends in poverty is very mixed. Based on the Integrated Household Panel Survey (IHPS), in 2010 poverty was highest in the Northern Region (50.2 percent), followed by the South (45 percent) and moderate in the Centre (33.5 percent). However, between 2011 and 2013, although poverty remained highest in the Northern region, it has become more pronounced in the Centre which has witnessed 5.5 percent increase in headcount poverty. In contrast the Southern region had the largest proportion of population that got out poverty (-7.7 percent) followed by the Northern Region (-6.9 percent). The trend in headcount poverty for Malawi between 2010 and 2013 is shown in table 1.8.

Table 1.8: Headcount Poverty by Place of Residence and Region, Percentage, Malawi 2010 and 2013

Location	2010	2013	Change in Poverty
Malawi	40.2	38.7	-1.5
Place of Residence			0
Urban	17.9	26.2	8.3
Rural	44	40.9	-3.1
Region			0
North	50.2	43.3	-6.9
Centre	33.5	39	5.5
South	45	37.3	-7.7

Source: NSO, 2014

Sex disaggregated data in IHS 3 (2010/11) shows that women are poorer. Nationally, about 49 percent of male-headed households are poor, compared to 57 percent of female-headed households. In rural areas, poverty amongst female headed households is higher (63 percent) than that of their male counterparts (55 percent). In fact, comparing IHS 2 (2004/5) and IHS 3, poverty levels for female headed households in rural areas increased by 3 percentage points, while those for male headed households did not change.

Under MGDS II Malawi witnessed a reduction of the proportion of the population below minimum level of dietary energy requirement (ultra-poor). Generalized statistics show that ultra-poverty declined from 14.9 percent in 2010 to 11.5 percent in 2013. Just like in the case of poverty incidence, while rural areas account for 83 percent of population they accounted for 98 percent of the ultra-poor, by 2013 this proportion had declined to 91 percent (see Table 1.9). In the urban areas the proportion of ultra-poor increased threefold from 1.6 percent to 6.9 percent while in the rural areas the share of ultra-poverty declined from 17.1 to 12.3 percent.

The regional trends in ultra-poverty are mixed. At the inception of MGDS II ultra-poverty was high in the Northern Region (20.8 percent) followed by the Southern region (18.6 percent) and then the Central Region (10.2). Since then ultra-poverty declined most in the South (by 7.8 percentage points to 10.8 percent) followed by the North by 5.4 percentage points to 15.4 percent. In contrast, ultra-poverty rose in the central region by 1.2 percent to 11.4 percent. Table 1.8 shows ultra poverty by place of residence, region in Malawi.

Table 1.9: Ultra-Poverty by Place of Residence and Region, Percentage, Malawi 2010 and 2013

Location	2010	2013	Change in Ultra Poverty
Malawi	14.9	11.5	-3.4
Place of Residence			
Urban	1.6	6.9	+5.3
Rural	17.1	12.3	-4.8
Region			
North	20.8	15.4	-5.4
Centre	10.2	11.4	+1.2
South	18.6	10.8	-7.8

Source: NSO, 2014

Inequality

The evolution of inequality in Malawi suggests that when the economy is performing, the rich benefit more than the poor and when it slows down, the latter also bear more of the brunt of the slow down. Between 2005 and 2010, when the Malawi economy grew at rates in excess of 7 percent, the share of total consumption attributable to the richest 10 percent grew from 46 percent to 53 percent while the share of consumption for the bottom 40 percent declined from 15 percent to 13 percent. Inequality was worst in urban areas where in 2004/05 the rich controlled 78 percent of consumption and this share rose to 86 percent in 2010/11 (Oxfam Report, 2014).

Alternative calculations confirm the worsening inequality under MGDS I.

Nationally the Gini coefficient of national consumption rose from 0.39 in 2004/05 to 0.452 in 2010/11 (Table 1.10 below). Inequality was more acute in urban areas (0.491) than rural areas (0.375). Across regions, in 2010 the Central region had the worst distribution followed by the Southern. In the inter-censal period, the Southern region experienced the worst deterioration in per capita consumption distribution. These differences are also linked to poverty levels in those areas. Table 1.10 shows the per capita consumption Gini coefficients, 2004 - 2011.

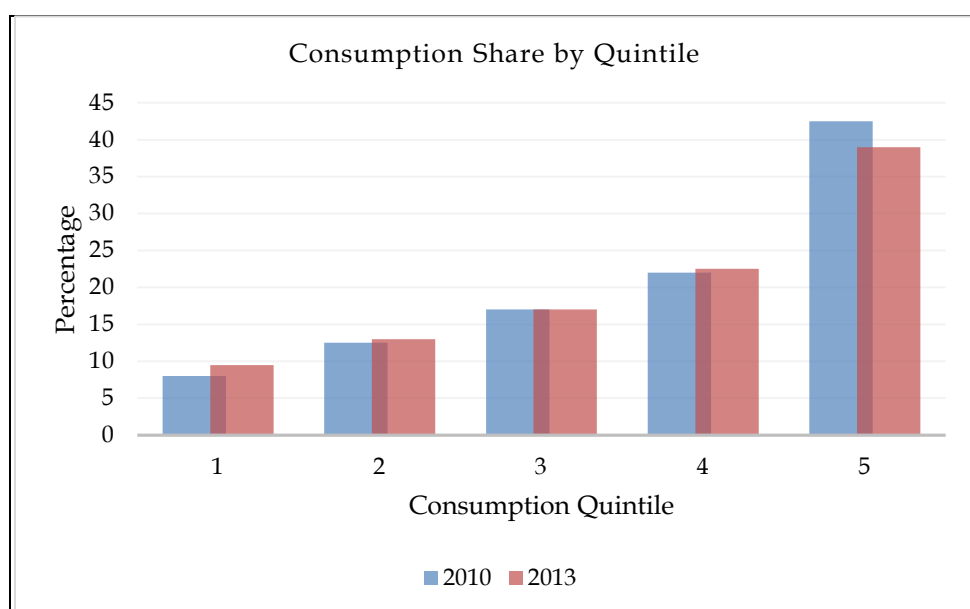
Table 1.10. Per capita consumption Gini coefficients, 2004-2011		
Location	2004/5	2010/11
National	0.390	0.452
Urban	0.484	0.491
Rural	0.339	0.375
Northern	0.350	0.392
Central	0.394	0.426
Southern	0.384	0.488
Source: Calculated from NSO, 2014		

In the first decade of this century, wealth (as measured by household durable assets) distribution worsened. Nationally, the Gini coefficient of wealth rose from 0.431 in 2004/05 to 0.564 in 2010/11. Much of this was driven by dynamics in rural areas where the Gini coefficient for wealth rose from 0.353 to 0.538 in contrast to urban areas where the wealth Gini declined from 0.563 to 0.509. All regions experienced a worsening of wealth distribution with Center having the highest Gini (0.586) followed by the South (0.565).

In Malawi, of all the assets available to households, land is most unequally distributed. In 2004/05 the Gini coefficient for land distribution was 0.602. Whereas income and consumption inequality are an urban phenomenon, land inequality is higher in the rural areas (0.778) than urban areas (0.473 in 2010/11). Land distribution improved between 2004/05 and 2010/11 nationally, in urban areas and among male headed households but deteriorated in the South (from 0.541 to 0.578) and in rural areas (from 0.773 to 0.788). The Malawi Gender and Development Index (2011) reports that only 20 percent of women, compared to 80 percent of men, own land or houses in urban areas. In the rural areas, women only constitute 34.3 percent of people who operate plots. The absence of a (customary) land law that can leverage land distribution in favour of those who are currently disadvantaged only serves aggravates existing inequalities in land ownership and control.

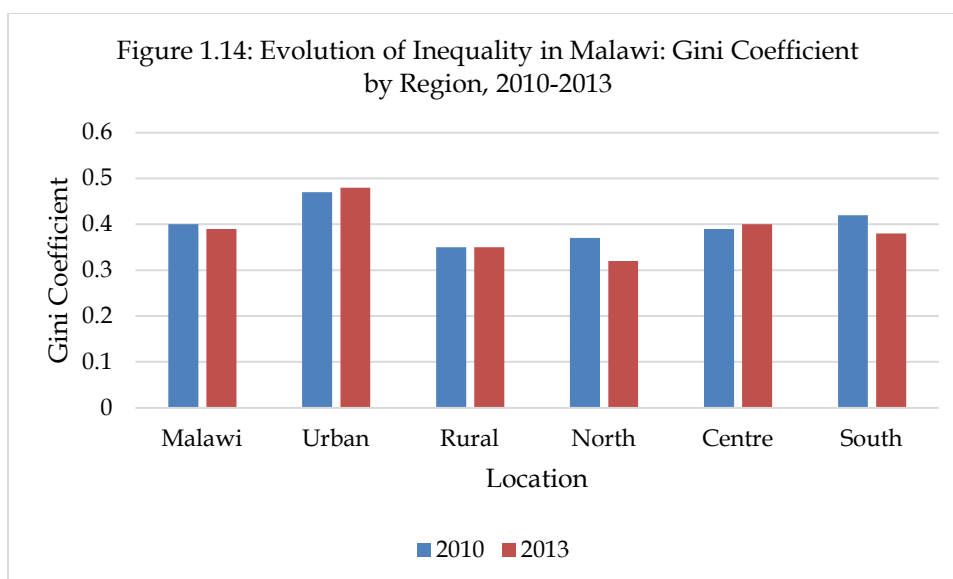
In contrast to developments in the first decade, under MGDS II as the Malawi economy slowed down, it impacted the richer worse and hence inequality seems to have declined (NSO, 2014). The shares of consumption of the bottom four quintiles increased modestly from 2010 to 2013, whereas the share of the 20 percent of the population with the highest consumption decreased (see Figure below). This finding suggests that overall inequality was lower in 2013 than in 2010 and national consumption could be said to be more egalitarian in that between 2010 and 2013, three of the five consumption quintiles witnessed an increased share of consumption at the expense of reduced share for the wealthiest quintile. Figure 1.13 shows trends in consumption shares by quintiles.

Figure 1:13: Trends in Consumption Shares by Quintiles, 2010-2013



Source: NSO, 2014

Qualitatively comparable conclusions can be drawn from evolution of Gini coefficient of consumption. All Gini measures confirm that inequality barely changed at the national level although some regional variations can be noticed. For instance, the national Gini coefficient barely declined from 0.40 in 2010 to 0.39 in 2013. There was an increase in inequality in urban areas, but no change in rural areas. Across regions, the findings are more varied: inequality decreased in the North and the South while it rose in the Central region. Figure 1.14 shows the evolution of inequality in Malawi by region.



Source: NSO, 2014

In the context of MGDS II, a number of reasons can be offered to explain observed trends in poverty and inequality in Malawi. Here below we explore these explanations from a gender and human rights perspective and Malawi's inability to follow through on her international commitments and obligations.

Poverty has not been successfully tackled due to planning that has tended to 'do business as usual,' without targeting resources to analyze needs and priorities of women and men, boys and girls in each sector. This is a misalignment with international and regional commitments as well. For example, the Doha Declaration on Financing for Development (2008) commits UN member states to promote and reinforce capacity-building of State and other stakeholders in the type of public finance management that will result in solidly addressing gender-based discrimination in all its forms through law reforms, business support services and economic programmes. And at SADC level, the Regional Indicative Strategic Development Plan (2003- 2018) recognizes the significance of adopting economic and budgeting policies and strategies that ensure that inequalities between men and women in relation to access to and control of resources are eliminated.

The Beijing Declaration and Platform for Action (1995) is one critical framework that confronts the reality that Governments cannot reduce poverty without putting in place robust measures to eliminate the poverty of those who are mostly poor, in this case women. Ideally, the MGDS II thematic area of gender and the corresponding strategic actions (related to women's economic, political and social empowerment) was a practical way to tackle women's poverty in Malawi. However this review has shown that there have been challenges to fully achieving the envisaged strategic

actions, meaning that the impact of the MGDS II in reducing women's poverty was minimized. For example, tackling women's poverty comes with a duty to revise laws and administrative practices to ensure women's equal rights and access to economic resources. Malawi has made progress towards revising/enacting laws in this respect. Through the Republican Constitution (1994), Malawi has created an enabling environment for ensuring women's equal rights and access to economic resources. Further, the Prevention of Domestic Violence Act (Chapter 7:05) of the Laws of Malawi offers protection from economic and financial abuse to both women and men. The Deceased Estates (Wills, Inheritance and Protection) Act No. 14 of 2011 criminalizes property dispossession and has prioritized the nuclear family as primary beneficiaries to an inheritance. The Gender Equality Act No. 3 of 2013 strengthens equal access by women and men to education opportunities and employment opportunities in public service.

However, the challenge remains the same – that these laws are not usually enforced and there is lack of adequate funding for their implementation and monitoring. Besides, the country lacks a gender responsive customary land law that can sufficiently safeguard women's land tenure rights in the context of customs and traditions that are no longer relevant. Gender responsive budgeting is also an important mechanism for combating women's poverty and some steps have been taken to embrace it since 2003. However, there have been challenges in institutionalizing this type of planning and programming and measures remain *ad hoc*. Among other consequences, this has meant that there is inadequate focus on women's unpaid care work in budgeting and macroeconomic policies, which contributes to persistent gender inequalities, as well as the denial of women's basic human rights to an education, political participation and various kinds of decent work.

Reducing women's poverty further entails providing women with access to savings and credit mechanisms and institutions. Formal and informal micro-credit facilities have existed over the years to support women. However, they have not made a noticeable dent in women's poverty rates due to the low quality of loans, and the inherent exclusion of the ultra-poor (since most of the facilities favour those with a relatively diverse asset base). Interventions such as the social cash transfer are a strong mechanism for helping to improve the situation of those living in extreme poverty. Female-headed households constitute 75 percent of social cash transfer Programme households, which attests to the fact that poverty in Malawi has a predominantly female face. Yet, challenges related to low coverage (less than 20 percent of the ultra-poor), mean that poverty remains entrenched.

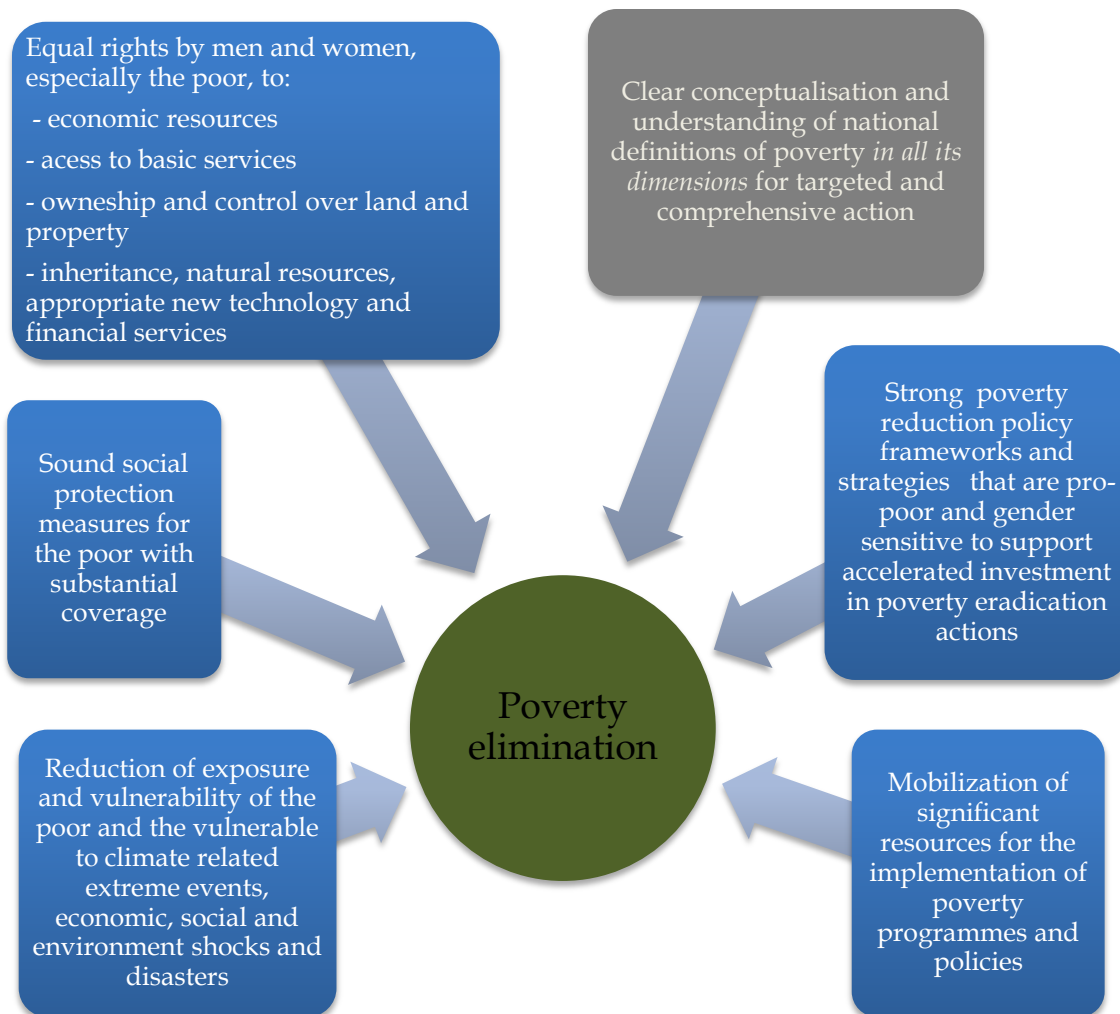
Ironically, failure to address women's poverty means that the country will not be able to effectively address most of its development priorities. For example, when poverty drives women and girls to transactional sex, it is

difficult to combat HIV especially when it carries a heavy female face in Malawi. It is difficult to overcome the challenge of over-population when poverty obstructs access to education and health opportunities of rural women and girls. Additionally, poverty fuels child marriage and violence against women and children, and these ills are associated with their own multi-dimensional cycles of poverty.

The vision for effectively addressing poverty and tackling inequalities

The SDGs currently measure 'extreme poverty' as people living on less than \$1.25 a day. The SDGs targets under Goal 1 (end poverty in all its forms everywhere) provide a clear vision for multi-tier strategies that have to be pursued by governments that seriously seek to end poverty. Figure 1.15 suggests that systematic national planning to reduce and end poverty in a meaningful way has to be centred on identifying the various forms through which the poverty of women and men manifests itself in Malawi. This can form the basis for developing focused strategies in line with SDGs targets.

Figure 1.15: SDGs formula for ending poverty in all its dimensions by 2030



Among others, the implementation of the SDGs approach that is proposed in Figure 1.15 would accelerate the meaningful attainment of the right to development as espoused under the Government of the Republic of Malawi Constitution (section 30). The fulfillment of this right so far has been inadequate as evidenced by the poverty situation and inequalities in the country. The constitutional provision requires that efforts to realize the right to development should particularly give special consideration to women, children and people with disabilities, and to addressing social injustices and inequalities. Thus in conformity with the SDGs, in order to develop relevant and sustainable actions, a vision to successful poverty reduction/elimination interventions in Malawi cannot ignore the questions 'how do social injustices and inequalities promote poverty, whose poverty and what type of poverty?'

10. LESSONS LEARNT FROM MGDS II: OVERALL SUMMARY OF 'CROSS-CUTTING' LESSONS

10.1 Background to Analysis of Lessons

Partly due to exogenous events, and partly due to an inability to unblock the constraints inherent within the national planning and programming set-up, MGDS II has not been implemented in earnest. Overall, and in virtually all the sectors, Malawi is known for developing policies and strategies, most of which never get implemented, and more often than not, expire whilst still in their 'draft form', without passing through the formal stages of Cabinet approval. Also, some take years before cabinet approves them.

Although MGDS II covers 2011-16, it was formally launched in 2012. Three months later, Government launched the Economic Recovery Plan [ERP], which over-shadowed the MGDS II. Since 2014, both MGDS II and ERP are no longer championed. The current emphasis is on Governance (Public Sector Reforms) and other areas besides the implementation of MGDS II and tracking of its progress over the past 5 years of implementation. ((This is why a national planning commission with strong leadership is needed to keep an eye on the ball))

As a key complementary process, the Public Sector Reform, implementation of the Public Financial Management System (PFMS) and the IFMIS, OPA are all strongly linked to the extent to which results can be achieved within the context of public sector programming. Clearly, decisive transformative measures, accompanied with creation of a results-oriented, motivated, dynamic civil service are seen as pivotal to new ways of doing business in Malawi.

10.2 Key Lessons Learnt

- i. **A well-defined and marketed National Vision is necessary for development and a National Vision and development plan requires social mobilization.** Malawi has Vision 2020 which was launched in 1998. However, since the dissolution of the National Economic Council, the Vision 2020 has not been disseminated, nationally owned or championed. Both MGDS I and II were not aligned to Vision 2020 in terms of outcomes and strategies. Since the implementation of the MGDS II, the annual budgets have not been not informed by MGDS and Vision 2020.
- ii. **Malawi Needs a Strong Developmental State. *De facto* policy making:** means 'actual policies governed by human and financial resource allocations, not merely policies written in policy documents'. In the case of Malawi, a **strong developmental state** would support the productive economy, social and complementary

sectors in substantial ways. The **strong donor influence** has often **not been aligned to overcoming binding constraints** to economic growth and development, culminating in a fragmented approach, whereby each DP programmes is deemed to be 'MGDS II compliant'. The minimal funding to **secondary, marked by a low transition rate to secondary school of 58 percent, low support of technical vocational education training and exceptional low support to higher education institutions culminates in an inability of the** education system to produce the competencies and skills needed in the productive sector.

- iii. **A Paradigm Shift in Malawi Development Programming is Central to Effective National Strategy Implementation.** There is need for a paradigm shift, with stronger focus on accountability, results/outcomes rather than activities, inputs processes. Commitment and strong oversight at all levels is key in order to reign in all opposition to change. In this regard, 'People Centred' National Growth and Development Strategy is required, grounding the design of the national growth development strategy on priorities determined and prioritized by beneficiaries, with support from the Centre. This can be achieved when political systems become truly accountable and are developed through a democratic transition that evolve through strong advocacy, civic education of the populace, enabling the people to make informed political choices, with capacity built to truly change the ruling elite (not just political parties), where necessary. Strong and sustained social mobilization at all levels, including rural areas, DCs and community levels, dissemination of information and communication is key to enhanced ownership and sustainability of national strategies. Support of the DPs is necessary but not indispensable to implementation of national strategies– focus on unlocking binding constraints in government led processes, not vice versa. The winners in a paradigm shift are Malawi and the future generations. The losers are those seeking to perpetuate the status quo and 'unfair gains', at expense of mass of poor and marginalized people.
- iv. **National development planning and sectoral implementation that does not rally around global development goals that a country is struggling to achieve is likely to produce minimal results.** Malawi has to acknowledge that the four MDGs that country has not attained are a critical missing link to meaningful growth and development. Prioritisation of SDGs has to embrace targets that are related to the 'fallen' MDGs, and the attainment of such targets should be the pursuit of all KPA's to the MGDS II successor – within the parameters of their mandates.

- v. **National Development Strategies Do Not Endure Change of Ruling Political Parties.** In Malawi, the transition to democracy has meant that ruling parties seek to be identified with specific development programmes, with the credit of designing, as guided by their political manifestos. There is no policy coherence, stability and sustainability. The review notes the desperate need to devise a sustainable mechanism that binds Government to implement nationally agreed agendas regardless of the party in power.
- vi. **National Development Strategies need to establish effective structures that can be monitored for delivery over time, through functional tracking systems.** There is need to embed national growth strategies in the **highest institutions of the state, being driven by the Office of the President** and demonstrating leadership and guidance to the national agenda. Regular strategic review meetings are required, with 'hard decisions' needed, where appropriate to ensure delivery of results, at all levels. In the case of the MGDS II, Annual Cabinet meeting on MGDS II not effected, Annual Reports to Parliament not submitted, Principal Secretaries Review meetings never effected, only five of 16 Sector Working Groups meet regularly, most SWGs and TWGs, not functional, District M & E Committees not effected, no sensitization on MGDS II at District Council Level (District Councillors not knowledgeable about MGDS II). A key lesson learnt is that roles and responsibilities need to be clearly defined, with adequate accountability measures linked to performance assessment (OPA) required. There is need to link all key structures to outcomes (not activities and processes). To back this up, there is need to resource and support focal persons (champions) in all key institutions, to drive or support the development agenda, with substantial budget lines for M & E at every level (rule of thumb in the UN is 5%). There is need to link M & E structures to outcomes (not only activities, processes). Performance assessment needs to be tied to penalties for non-delivery. There is also need to create demand for evidence based results, generation of accurate, reliable, and verifiable monitoring data starting at the highest level, through to all decentralised structures, including District Council levels.
- vii. **Investments in building capacity for gender mainstreaming leadership, coordination, implementation and monitoring are indispensable to efforts towards capitalizing the demographic dividend.** Efforts to wipe out barriers to the empowerment and development of subgroups of women and girls and/or men and boys in any sector have largely been disorganized, with the Ministry responsible for gender lacking the capacity to coordinate and monitor relevant commitments under MGDS II. This has resulted in undervaluing the power of gender equality and human rights as an

important economic asset that can ensure that development is accelerated by focusing on priorities that will address differing poor development indicators for subgroups of men and women/boys and girls in sectoral and local government contexts. Unless the Ministry responsible for gender has full human, technical and financial capacity to comprehensively coordinate and monitor implementation, national policy commitments towards gender mainstreaming will remain rhetorical and the demographic dividend will be severely under exploited to the detriment of developmental milestones.

- viii. **Gender Mainstreaming:** Similarly, earnest investments have to be made to build planning and budgeting capacity for gender equality results within MFEP&D and at all levels. **The lesson** that emerges from the MGDS II implementation is that sectors can accelerate the attainment of this capacity if KPAs are accountable to at least one gender indicator. In this regard, Malawi needs to realise that the simple formula for achieving effective gender mainstreaming is the presence of a **clear mandate** (to achieve gender equality); **strong leadership** to attain gender equality results through the joint collaboration of Ministry responsible for gender (coordination & monitoring) and ministry responsible for finance (budgeting & monitoring); **accountability through full implementation; budget and resources; development of key (gender) performance indicators** in all KPAs; and **accountability during performance reporting/ review**. The Gender Act of 2013 provides the mandate but human, financial and organizational resources are a challenge.
- ix. **MGDS II costing needs-based, instead of being based on available resource envelope**
MGDS II planning was based on 'needs' and not on available resource envelope (*a point raised in many fora, including Development Partners High Level Forum*). **The full cost** of implementing MGDS was estimated in 'trillions of Kwacha', and it was **many times larger than Malawi's GDP**. **A large number of project activities have therefore not been funded**, with some projects, even in key areas such as health, being funded to the tune of 30 percent, and with some totally not funded, for many years. The rationale for categorising certain projects as KPAs has been questioned even in circles within the political and senior government establishment. The point is that the planning process for projects is secondary to the formulation of national development strategies, and it is after the definition of the national development agenda that projects can then be prioritised, not before the former. Both processes also need to be tied to available resource envelope, and not be dependent on unpredictable external funding.

- x. **Development Partners need to be guided into sectors that Government attaches priority.** Since the MGDS II is too broad, every donor programme or project, howsoever trivial is 'MGDS II compliant'. The relationship of the Government of Malawi with DPs has been weak and lack direction in terms of guiding well-meaning development partners into areas of strategic importance. To date, development partners are increasingly using parallel financing mechanism to funding projects outside the preview of the government machinery. Aid coordination is a function of Government that needs to be exercised. strong coordination of CSOs is needed to have a clear picture of development trends and for enhancing accountability of delivery of development results.
- xi. **An Efficient and Professional Civil Service is A Necessary Precondition for the delivery of national development strategies.** New ways of capacitating the public service for delivery of improved services are needed. Malawi Public Service lacks the motivation, commitment and professionalism in service delivery. Rent seeking [from the culture of allowances to corruption] seems to overshadow the national good – and more worrisome, it seems institutionalised, with the tacit support even of senior managers in the public service whose business ought to be to ensure accountability of operations and behaviour. A stronger dose of civil service reform is needed. This may entail a sharp reduction in staff and increased incentives for good performance.

10.3 Role of Stakeholders in the MGDS II

10.3.1 MGDS II and the Role of Development Partners (Donors)

At the start of MGDS II, with budget support in place, development partners contributed 30 – 40 percent of government budget, part of which also supported MGDS II implementation. Donor budget support withdrawal to government has meant rechanneling of support through non-state actors, largely international non-governmental organizations. DPs have supported financing of a number of projects and programmes, for example, the PSIP, the Public Sector Reform Programme, Public Financial Management and the Integrated Public Financial Management Information System and the Organizational Performance Agreement. The area of capacity building is another area where DPs have been active. This is an area which remains vital for involvement of DPs, in view of the capacity challenges facing the Public Sector.

For example, the UN and other DP support to capacity building, based on their comparative advantages remains central as well as the deepening of capacities at EP & D, strengthening of the indicator monitoring framework for MGDS II, technical assistance to MFEPD, MGDS II implementation structures, National Planning Commission, Sector Working Groups,

SWApS, and other decentralized structures. The support of the DPs, especially targeting the full implementation of the GoM Decentralization Policy and the Draft Integrated Rural Development Strategy remains pivotal, in view of the challenges the National Decentralization Programme has faced in the past. This is the case despite the efforts made to date by both government and the DPs, with the support channeled through the Local Government Development Fund. The GoM must also ensure that all development aid is aligned to the MGDS process, with clear guidance on strategically identified priority areas.

Clearly, the strategic support of DPs in the implementation of the post-MDG agenda, the Sustainable Development Goals (SDGs) is also critical, in view of the severe resource constraints facing Malawi. Other critical areas where development support, especially in deepening national level capacities to deliver on development results needs to be renewed in a strategic manner are as follows:

- i. Vulnerability assessments, climate change, environmental management. This needs consideration, in view of the low investment from the Public Sector, yet the area has important implications upon long term development and to the SDGs.
- ii. Support to generation of up to date data, for example, the United Nations Population Fund (UNFPA) supported DHS and other work involving managing the still very high maternal mortality rates⁶.
- iii. United Nations Children's Fund (UNICEF) and other DP support to reduction of children's vulnerability and improvement on key indicators linked to nutritional challenges and outcomes, such as stunting, amongst others; child rights and protection, including access to Early Childhood Education remains topical even for the SDGs.
- iv. World Health Organisation (WHO), Joint United Nations Programme on HIV and AIDS (UNAIDS) and the support of other DPs remains critical. This is in view of the fact that Malawi's National HIV and AIDS Response has been 98 percent donor dependent. For Malawi, as in the entire SADC region, the growing challenge of non-communicable diseases is an area worthy the support of DPs involved in the sector within the framework of a new national growth and development strategy and a new National Health Sector Strategy.
- v. UN Women support to gender mainstreaming and women economic empowerment: This remains very central, in view of the situation where Malawi's scores on gender indicators remain below expectations.

⁶ Malawi was unable to meet its MGD target on reducing the high maternal mortality rate by 2015.

- vi. Food and Agriculture Organisation (FAO)/World Food Programme (WFP): Agriculture, food and nutrition security and the education sector, are areas requiring substantial attention, investing especially in building technological capabilities in the sector.
- vii. Renewed DP support and Technical Assistance (TA) should be not only to support development of relevant national and sectoral policies and strategies, but to ensure that they are fully implemented, capacitating MDAs involved. Scaling up TA support at the level of implementation will make a difference, from a situation where there are 'hundreds' of policies and strategies, a large number in 'draft form', whilst many remain on the shelves with limited prospects for implementation.
- viii. Support to stakeholder consultations, gathering public sector representatives, civil society, academia and private sector representatives, where necessary, within the context of a broad-based social mobilization for the next NGDS.
- ix. DPs also need to promote a better coordinated approach to evaluation missions and sectoral support so that this informs the bigger national development agenda, beyond individual donors.

10.3.2 Role of civil society

Overall, on the basis of their comparative advantages, CSO can focus on the following:

- i. There is need for CSOs to focus on achievement of outcomes, partnership strategies: 'not destructive criticism'.
- ii. Effective engagement: Social mobilization of communities on national development agenda (MGDS II), priority setting, implementation, monitoring and evaluation.
- iii. Advocate for more transparent and accountable structures, from central level to decentralized levels – leading by example – re: development best practices.
- iv. Sharing of best practices and innovative approaches with a view to achieving better outcomes from limited resources.
- v. Dissemination of information, lessons learnt.

While this review has concluded that the implementation of MGDS II has under-performed in terms of gender mainstreaming results, it is recognized that entities such as the NGO Gender Coordinating Network have not played the role of guiding CSOs to coherently implement gender related commitments under MGDS II or to hold sectors accountable for implementation.

10.3.3 Private Sector

The private sector can also focus attention on the following, which should centre on a partnership strategy with the Public Sector.

- i. With support from GoM (creating enabling environment), potential large scale investors, medium and small enterprises, implement the existing Private Sector Development Strategy, after formal adoption of the Draft; with opportunities forging stronger inter-firm cooperation arrangements and networks, vertical and horizontal linkages between large and small scale firms, and other innovative arrangements.
- ii. Partner government in Business Public Private Partnerships (BPPP) for domestic resources mobilization, innovative options, joint ventures.
- iii. Scale up interventions in high growth sectors, where investment has been absent, low or limited (for example, agro-processing, tourism, Information Communication Technology (ICT) and mining).
- iv. Implement the Micro, Small and Medium Enterprises (MSME) Policy and Strategy: scaling up MSME development, unlocking the entrepreneurship culture, centred on sectors identified to have high potential for involving large numbers of Malawians, women, youth – exploiting the national demographic dividend.

10.3.4 Academia

For Academia, the following can be focal areas, not in order of prioritization.

- i. Academia ought to be engaged more in the design, planning, monitoring and evaluation of MGDS II and the successor strategy than has been the practice to date.
- ii. Lack of substantial and sustained linkages, consultations and or engagement between the GoM and Academia have resulted in the Government not benefiting from its national intellectual resource to required extents. There is an observed disconnect between Ministries of Education, Agriculture, and other key MDAs with Academia, implying limited contributions by Academia to the MGDS II process.
- iii. There is need to identify critical policy research thematic areas, where research gaps exist and where research can be commissioned to inform policy makers.
- iv. There is need to strengthen local skills transfer through attachment of professionals in communities of origin, through a national volunteerism initiative supported by the GoM.
- v. Government must consider establishing an independent fund for research for academicians, which could be complimented by DP funded research, where it can be availed.
- vi. Support technological innovation, local initiatives, creativity and research and development (R & D) – matching demand with supply in the labour market.

Box 1.5 highlights gaps in MGDS II that need consideration to be addressed in the next national development strategy.

Box 1.5: Gaps Identified in MGDS II that Need to be Addressed in the Next National Development Strategy

- i. **Public sector reforms:** The need to accelerate public sector reforms, public financial management, including the implementation of the Integrated Public Financial Management Information System, greater focus to strengthen monitoring evaluation systems, at all the levels, from the Executive, Cabinet, Parliament, the Judiciary, implementation of the Decentralization Policy, and the Integrated Rural Development Strategy, alignment of sector strategies to the MGDS II and successor strategy. This is with a view to enhancing accountability in the public sector, and having a stronger focus on delivery of development results to the majority of the population.
- ii. **An improved environment that facilitates private sector development** is key to enabling improvement of Malawi's Ease of Doing Business Indicators and Global Competitiveness Ranking. This is central to growing a vibrant economy which would have a positive multiplier effect on national socio-economic transformation, including the improvement of other key human development indicators.
- iii. **Population growth and demographic dividend:** Implement and enforce measures to arrest unsustainable population growth and taking advantage of the demographic dividend, to maximize on the country's available youth potential for national transformation and socio-economic development. The dividend gains will only be realized, to a significant extent, if strategic investment is made in the social sectors.
- iv. **Children and social protection:** The plight of Malawian children on the basis of various key indicators, from education, social protection and vulnerability, health, food and nutrition status is far from being desirable. More substantial effort is required by the GoM, in terms first of establishing the conditions that can enable renewed attention and truly integrated and holistic approaches to tackling critical issues that relate to children.
- v. **Food and nutrition security, water and sanitation:** Taking forceful measures to implement a national food and nutrition security strategy, aligned to the SADC Food and Nutrition Security Strategy. In view of the massive levels of malnutrition and food insecurity, perennial food shortages, with the country having one of the world's highest child stunting rates. Although child stunting rates reported in the past 5 years have improved, from 47 percent in 2010, to 42.4 percent, in 2013, Malawi is still in a precarious position. The country needs to align its nutrition strategy with the food security strategy with a view to adopting a coherent approach, and aligned to the recently adopted SADC Food and Nutrition Security Strategy. How water and sanitation links with the entire development process also needs to be examined, in view of its importance and complementary role to sustained development in the context of Malawi.
- vi. **Banking and Finance:** The MGDS II is silent on a key sector, which is at the centre of domestic and international resource mobilization. This is likely because of the past focus on donor support. Recent developments have demonstrated that Banking and Finance is key area which requires substantial strategic thinking and planning, to enable a sustainable process of driving resource mobilization which is key to the success of the MGDS II and the successor strategy. Without a viable Banking and Finance Sector, there is no viable national growth and development strategy to talk about. Therefore the MGDS II review team observes that the lack of attention by the current national growth and development strategy is a major omission that ought to

be addressed in the next national development plan.

- vii. **Labour and employment:** This was stated as a focus area, sub-theme 7, under the theme 'Sustainable Economic Growth'. However, in the KPAs, labour and employment fell by the wayside. Given the high levels of unemployment, especially for the youth, which is over 40 percent, massive shortage of decent employment in Malawi, with the economy being 90 percent informalized, (including subsistence farming), the issue of labour and employment needs to take centre stage in the next national development plan.
- viii. **Tourism, wild-life and culture:** In view of the opportunities identified in Tourism, support to this sector needs to be reviewed, since it is understood to have a massive unexploited potential, which can be of great benefit to the national economy.
- ix. **Justice, legislative reforms and enforcement of the law:** This is a sector, where relatively little investment has been made during the MGDS II period, with massive capacity constraints identified. The manner in which numerous key laws have lagged behind in their finalization, many having stalled for many years, highlights that there is a critical human resources gap in the Ministry of Justice, especially in the area of legislative drafting. This constraint has impacted negatively in that many laws that should assist the country move forward are not in place, including in the area of the much needed public sector reforms. Without adequate backup legislation, many policies and measures cannot be implemented and hence lack of progress even in areas where obvious critical actions are required at both central and in specific sectoral levels.

SECTION 2: COMPREHENSIVE COUNTRY SITUATION ANALYSIS

13. Sectoral Analysis of Key Priority Areas

13.1 Agriculture and Food Security

Overview

Over the five decades of independence, Malawi has maintained dualism in the agricultural sector. There exists a smallholder sub-sector which contributes over 70 percent of the agricultural GDP, and the privately managed estate sector, which focuses on high value export crops such as tobacco, tea and sugar and cultivate on freehold or leasehold land (GoM, 2011⁷). Malawian smallholder farmers mainly cultivate food crops and raise livestock on fragmented land holdings under customary land tenure. With time, the landholding sizes, which include the dwelling units for smallholder households have declined from 1.2ha in 1982 to 1ha in 2007 (National Statistical Office [NSO], 2007). This has occurred consequent upon high population growth rate of 2.7 percent (NSO, 2008⁸). Currently, 84 percent of smallholder farmers cultivate on less than half a hectare (NSO, 2007⁹) compared to an estimated 50 percent, who cultivated the same amount of land in 2000 (GoM, 2000). Despite Malawi having massive irrigation potential of up to 471, 000ha less than 21 percent (about 97,932.58 had been utilized by 2014 (GoM, 2014).

The agricultural sector accounts for 29 per cent of gross domestic product (GoM, 2013¹⁰). It employs approximately 80 per cent of the total workforce (NSO,¹¹ 2012), and contributes substantially to national and household food security (GoM, 2011). Agricultural growth is therefore considered a prerequisite to economic growth and development in Malawi. More female-headed households (88 percent) are involved in agriculture than male-headed ones at 84 percent. In terms of labour use 94 percent of the cultivated plots use women for labour input, compared to 82 percent that use men for labor input (NSO, 2012).

Box AG 2.1 gives highlights of the Malawi Farm Input Subsidy Programme (FISP).

⁷ GoM (2011) Agricultural Sector Wide Approach Program – Program Document

⁸ NSO (2008) Population and Housing Census

⁹ NSO (2007) National Census of Agriculture and Livestock (NACAL)

¹⁰ GoM (2013) Economic Report 2013

¹¹ NSO (2012) National Welfare Monitoring Survey 2011

Box AG 2.1: The Malawi Farm Input Subsidy Programme (FISP)

The provision of subsidies for modern inputs for smallholders has been a part of Malawi's agricultural development strategy for decades. The current Farm Input Subsidy Programme (FISP) is justified on the basis that soil nutrients, particularly nitrogen are essential for maize production. The nutrients are in short supply and inorganic fertilizer is the most effective way farmers can add nutrients to the soil. Although the stated objectives of the FISP are noble, available evidence suggests that the households who should be targeted to increase maize productivity are likely not to be the same households who should be targeted to reduce poverty (the World Bank, 2015).

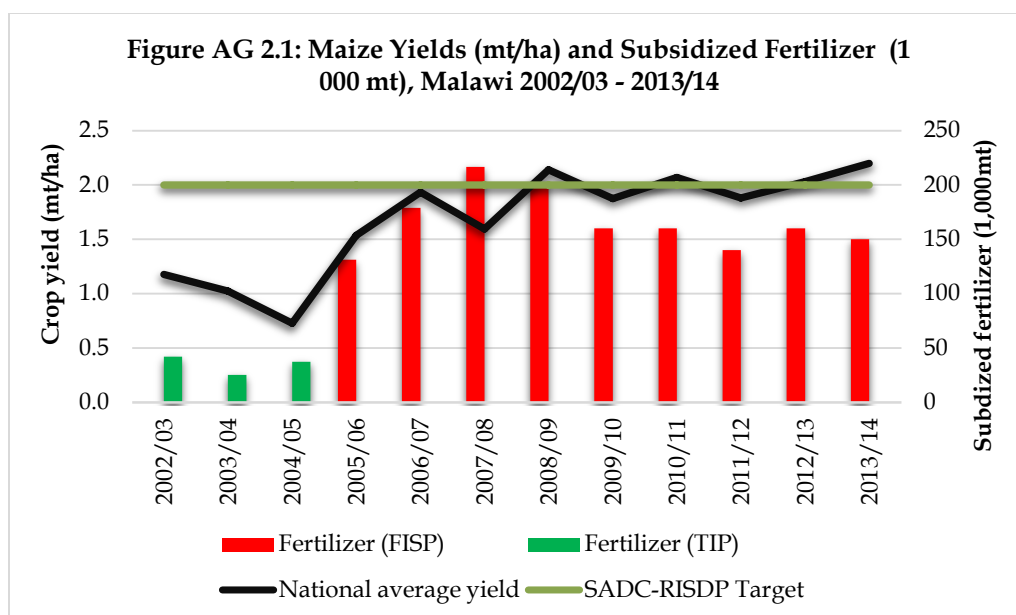
National production estimates show a dramatic rise in maize output ever since FISP was introduced. According to official sources, national maize yields increased from around one metric ton per hectare in 2003/04 (mt/ha) to around two metric tons per hectare in 2006/07 (Figure 1), thus putting maize yields at the SADC Regional Indicative Strategic Development Plan (RISDP) target (SADC, 2003). However, between 2011/12 – 2014/15, the situation has been mixed, with the situation remaining largely erratic, with maize yields barely meeting the SADC RISDP target, except during 2013/14, when Malawi had an above average rainfall season. Although official estimates indicate that Malawi has generated substantial maize surpluses over the past decade, close to 8 million Malawians have been recorded as being in need of maize staple food aid, from 2011/12 – 2015/16. This indicates that production for the staple crop has been erratic, with yield levels negatively affected and national output unable to meet demand.

In financial terms, since its inception, FISP has completely dominated Malawi's agricultural budget. For the 2014/15, the programme accounted for about 70 percent of public expenditure on agriculture and up to 10 percent of the entire national budget.

There is need for better targeting of support to the agricultural sector by creating space for the much delayed transformation of the sector. This can be done by focusing more on high growth sub-sectors with potential for more widespread benefits for a larger number of Malawians and to generate higher agricultural value added. There approach would necessarily involve a diversifying from the heavy bias on maize, and tobacco, creating space for the development of other agricultural value chains with identified high export potential. New cash transfer and better targeted social protection programmes can be established, especially focusing on the really poor rural dwellers with the need for such support.

Source: World Bank, 2013, and 2015

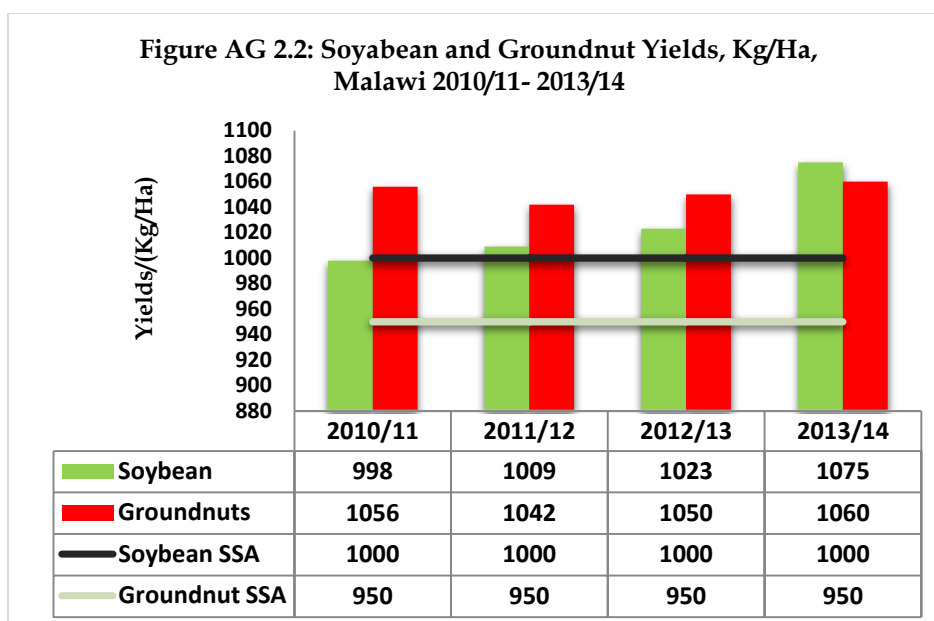
Figure AG 2.1 shows national maize yield estimates from the Ministry of Agriculture, Irrigation and Water Development, shown in relation to the SADC regional target.



Source: Adapted from Pauw and Thurlow (2014), Note: SADC RISDP target is 2 metric tons per hectare

The ASWAp itself sets a much higher and ambitious maize yield target of three metric tons per hectare, which has not been attained to date at the national level. In contrast, countries in certain OECD countries and in Asia are achieving maize yields upwards of four metric tons per hectare. While the FISP has helped to boost maize yields through the provision of fertilizers and improved maize seed, the potential to raise yields through fertilizer subsidization has probably been exhausted. Increased effort is required to find strategies of increasing productivity of both male and female farmers through better soil and water management, farm mechanization, and better use of complementary organic and inorganic inputs (GoM, 2014).

Figure AG 2.2 shows that during the MGDS II period, Malawi has attained soyabean and groundnut yield levels which are above the average for Sub-Saharan Africa. However, although progress has been made, there remains much room for improvement in comparison to yield levels attained by high performers in the regional and international markets.



Source: APES, 2013

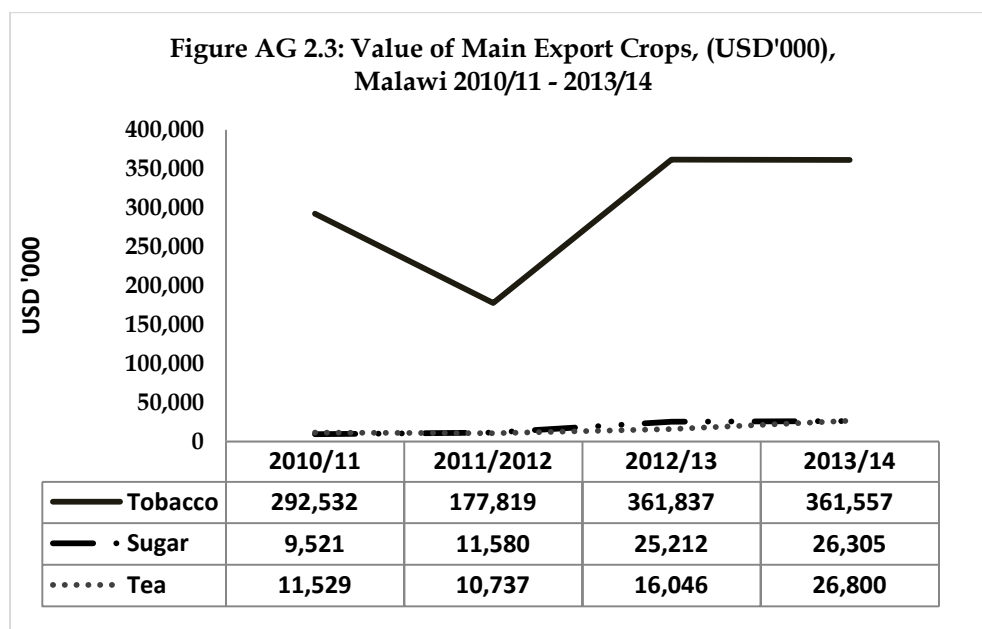
Figure AG 2.2 shows that the country has made some progress in soybean yields; groundnut yields have remained relatively stable fluctuating at 1050 kilograms per hectare. Malawi is also understood to have managed to attain the Sub-Saharan Africa (SSA) target of 1000 kilograms and 950 kilogram per hectare for soybean and groundnut yields respectively. The ASWAp review (2014) notes that the sector has tremendous potential to increase groundnut and soybean yields closer to the world average which is at 1,560 kilogram per hectare for groundnuts and 2,300 kilogram per hectare for soybean. Increased adoption of high yielding varieties and promotion of irrigation technologies while maintaining a sound gender mainstreaming approach would be central to achieving these goals.

Export values of Malawi's major export crops

Commercial agriculture is an area where gender disparities are experienced, although there has been limited attention to ensure that programmes are fully safeguarding the welfare of women and other disadvantaged groups. The economy of Malawi relies heavily on tobacco for its export earnings. Tobacco export earnings increased by 23 percent from US\$292 million dollars in 2010/11 to US\$361 million dollars in 2013/14 (Figure AG 2.3). The overall trend in tobacco export earnings displays a positive trend. Despite higher export volumes in during 2013/14 agricultural season, no growth was demonstrated between the 2012/13 and 2013/14 agricultural seasons.

Both sugar and tea export earnings registered total growth during the MGDS II period, from 2011/12 to the 2013/14 period. Sugar exports grew by 176 percent from \$9.5 million dollars in 2010/11 to \$26.3 million in 2013/14; tea exports grew by 132 percent from \$11.5 million to \$26.8 million

over the same period. Figure AG 2.3 shows the value of Malawi's main export crops between 2010/11 and 2013/14. Tobacco clearly dominates in terms of value of exports, which is many times more than all the other agricultural commodities combined.



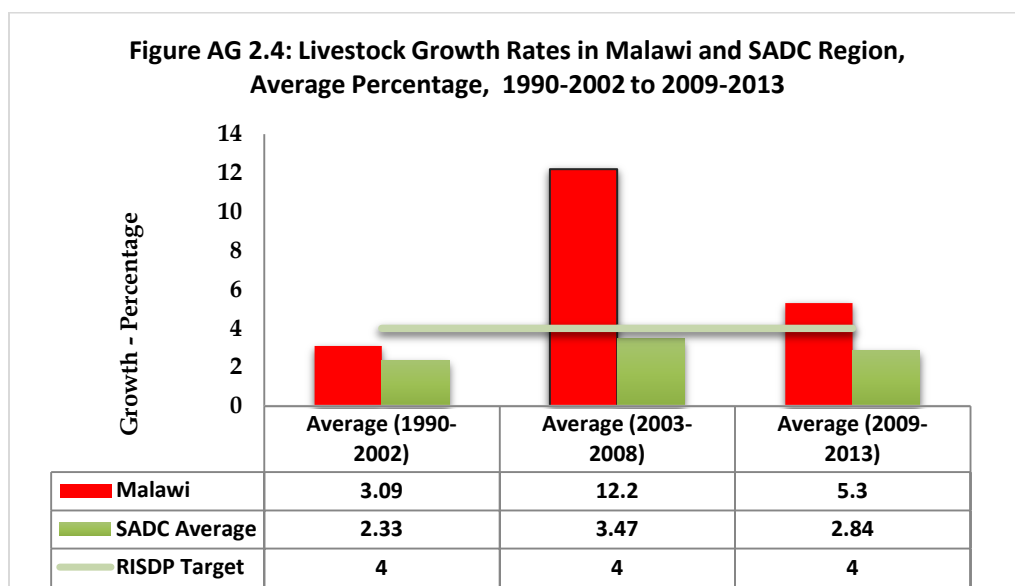
Source: AHCX, Illovo, 2014

It is critical to note that while tobacco export earnings have increased and continue to remain important for the country's economic growth, there is need to monitor developments from debates on the potential impact of the World Health Organization's (WHO) Framework Convention on Tobacco Control (FCTC). As countries and particularly those in Europe intensify the implementation of the FCTC by adopting strict legislation that discourages their populations from smoking, the demand for Malawi tobacco is likely to decline (Makoka et al., 2014). The need to diversify into other agri-based value chains, while ensuring that women farmers are not left behind, becomes imperative.

Relating to the livestock sub-sector, the SADC RISDP has set a 4 percent annual threshold for member countries to guide countries on the performance of their livestock sub-sectors (Figure AG 2.4) (GoM, 2014b). According to the SADC RISDP framework, a 4 percent average annual growth in livestock is sufficient to meaningfully improve meat availability and to help curb poverty and malnutrition in member countries. Based on Figure AG 2.4, Malawi did attain and surpass the SADC RISDP target for the periods 2003-2008 and 2009-2013. Although the period between 2009 and 2013 saw livestock growth declining at an average 5 percent, the overall picture has seen positive trends. Besides its food security and nutritional implication to Malawians, improved livestock production

presents opportunities for the country to do trade with the rest of SADC member countries owing to their growing incomes.

Figure AG 2.4 shows the growth rates of the Malawian livestock sub-sector in relation to the SADC target. Growth peaked between the period 2003 – 2008, but slowed down between 2009 – 2013, indicating challenges encountered in sustaining growth of the sub-sector.



Source: Makoka et al. (2014)

At a domestic level, the livestock growth rates also have to be understood within the context of levels of ownership of livestock by female and male-headed households. The 2014 Welfare Monitoring Survey shows that male-headed households own more high value livestock such as cattle, sheep, pigs and fish ponds. Female-headed households dominate in the ownership of poultry and goats (Table AG 2.1).

Table AG 2.1: Livestock Ownership Between Male and Female-Headed Households, Percentage of Households, Malawi 2013

Livestock	Female-Headed Households (Percentage)	Male- Headed Households (Percentage)
Overall ownership	43	54
Cattle	4	10
Sheep	0.7	1.6
Pigs	18	28
Fish ponds	1.1	2.7
Poultry	44	37
Goats	43	35

Source: NSO, 2014

The Binding Constraints in the Malawian Agricultural Sector

A number of binding constraints facing the sector can be identified, as follows:-

- i. Over-dependence on rain-fed farming;
- ii. Low overall technological capability in the sector, with insufficient development of value chains, low adoption of improved technologies;
- iii. Poor infrastructure support, including inaccessible roads for a large proportion of the rural population;
- iv. Inadequate input and output markets, with a highly under-developed structure;
- v. Weak private sector participation, with a limited number of players, with some unscrupulous actors unduly benefiting from market failures and distortions, at the expense of the producers;
- vi. Low level of irrigation infrastructure development, with massive unexploited potential; and
- vii. Inadequate levels of investment in mechanization.

Assessment of MGDFS II Areas of Focus

Table AG 2.2, shows ASWAp focus area, key support services and cross-cutting issues, in the context of MGDS II.

Table AG 2.2: ASWAp Focus Areas, Key Support Services and, Cross-Cutting Issues	
Item	Focus
A. Priority Focus Area	<ol style="list-style-type: none"> 1. Food Security and Risk Management 2. Commercial Agriculture, Agro-processing and Market Development 3. Sustainable Agricultural Land and Water Management
B. Key Support Services	<ol style="list-style-type: none"> 1. Technology Dissemination 2. Institutional Strengthening and Capacity Building
C. Cross-Cutting Issues	<ol style="list-style-type: none"> 1. HIV Prevention and AIDS Impact Mitigation 2. Gender Equity and Empowerment
Source: Adapted from GoM, 2011	

The following assessment, identifies a few of the key priority sub-sectors and their accompanying strategies.

Food Security and Risk Management

Despite continued heavy investment in maize with a view to attaining staple food sufficiency one of the strategic objectives pursued under this focus area, production has remained erratic.

The MGDS II yield target in excess of 3 000 tons per ha by 2016 has remained a pipe-dream, whilst anecdotal evidence point to yield averaging well below 700 tons per ha – approximately 4 times below the set target! There has also been little progress towards attaining the other two strategic objectives: food production diversification and risk management. The proportion of area allocated to maize and other cereals has not changed significantly, the volume of maize surplus has declined and the population under the risk of food shortage has actually increased. This poor performance can be attributed to poor rainfall conditions but also poor gender mainstreaming and inadequate financing of other strategy areas.

Commercial Agriculture, Agro-processing and Market Development

Despite renewed effort at diversifying the agricultural sector base, there remains a disproportionate share of tobacco as a dominant commodity in terms of value of exports, with only little or marginal changes in other commodities.

Progress towards attainment of the third objective: development of public/private partnerships to facilitate a national wide system of profitable markets for inputs and outputs has remained negligible, even in the absence data to assess performance indicators in this area. Despite the MGDS II intention to strengthen women's entrepreneurship through expanding access to technologies, the agriculture sector has not adopted practical measures to achieve the economic empowerment of women farmers through access to agro processing technologies and markets. This has mainly occurred because the Agriculture Gender, HIV and AIDS Strategy (2013 – 2017) has only existed as a good measure on paper, but it has not been prioritized in sectoral programmes and budgeting.

Further programming that pursues human rights based approaches has not been seriously pursued in commercial agriculture despite that smallholder farmers face a real risk of land grabs that comes with intervention such the green belt initiatives. Women who already face weak land tenure rights are usually the most affected in such contexts. It is therefore a good development that the proposed National Human Rights Action Plan (draft 2016 - 2020) plans to have specific strategic actions to ensure adequate protection against land grabbing as well as to strengthen land tenure systems for all societal groups.

Sustainable Agricultural Land and Water Management

The focus in this sub-sector is (a) increase the area under Sustainable Land Management, and, (b) increasing area under Sustainable Irrigation. There are indications that substantial progress has been made towards achieving the former largely due to increasing area under conservation agriculture. Progress in expanding area under irrigation has been slow with total area under irrigation, to date, estimated at well below 100,000 hectares far below the ASWAp target of 180,000 hectares by the end of 2012/13. The under achievement can be attributed to low levels of investment considering that irrigation development demands huge outlays and reduced amount of irrigable land in the country.

Institutional Strengthening and Capacity Building

Under institutional development various initiatives have been carried out aimed at strengthening the capacity of the public management system such as academic and professional training and staff promotion. However technical staff vacancy rates at 40 percent or less means that MoAFS has not been able to deliver both in terms of quantity and quality, from research, extension and advisory services required to drive a dynamic sector, geared for an increasingly competitive market. There are also critical human resources shortages in the Department of Irrigation, with only 160 technical staff compared to an establishment of 400 (GoM, 2015). When recruitment happens, there are no proactive steps to adhere to the 40:60 recruitment quota under the Gender Equality Act. In general, targets for capacity building should be guided by a coherent capacity building plan for the sector.

On a positive note, the GoM together with its development partners formulated the ASWAp as a priority investment programme in the agricultural sector for the period 2011-2015. Apart from operationalizing agricultural elements outlined in the MGDS II, ASWAp is also consistent with the Comprehensive African Agricultural Development Program (CAADP) and Development Assistance Strategy. The broad aims of the ASWAp are to increase agricultural productivity, to improve food security, to diversify food production to improve nutrition at household level, and to increase agricultural income of the rural people. However, despite that

gender disparities are usually witnessed in these areas, the analysis above indicates that gender mainstreaming has been minimal.

To operationalize the ASWAp, Technical Working Groups (TWGs) were established, focusing on sub-sectors. Each TWG instituted a taskforce to prepare a draft report on status of performance indicators. What transpired was that the process of developing the indicators was not as successful as planned, with many TWGs unable to conclude the process. Baseline data gaps were also noted, with cases where more often than not, there was heavy reliance on data from stakeholders, which could not be verified for accuracy and reliability. The situation was compounded by lack of up- to date national surveys to generate data on key performance indicators. The interest of key stakeholders in the process began to wane over time, resulting in the state where the ASWAp and the TWGs became ineffective – hence the heavy reliance by the sector on what is being referred to in this MGDS II review report as ‘administrative data’. In this MGDS II Review, it is noted that one of the gaps with ASWAP TWGs is that the TWG on cross cutting issues (including gender) is not closely involved in the work of the other TWGs. This explains why the agriculture sector has generally struggled with effective gender mainstreaming.

Table AG 2.3 shows constraints/challenges and recommendations for the agriculture and food security sector.

Table AG 2.3: Constraints/Challenges and Recommendations for Agriculture and Food Security in Malawi	
Constraints/ Challenges	Recommendations
Policy	
i. Agriculture Sector has lacked coherence, being unable to guide Malawi to graduate from a situation of heavy reliance on tobacco and maize, with lack of attention to other high value agri-based value chains.	Government prioritize investment in high value chains in line with national export strategy and diversification and new agro-processing thrust, with a view to transforming the country to focus on value addition, in line with MGDS II thrust, with strategic shift from primary production.
ii. Unsustainable focus on by Ministry of Agriculture and Food Security on issues that are non-core to agricultural transformation, giving rise to absence of holistic and logical approach to addressing binding constraints in the sector, for example, agricultural research and extension, technology generation and dissemination.	Government prioritize sub-sectors with substantial value added, with a clear strategic focus on high value chains, mobilizing human and material resources in support of that endeavour.
iii. During the MGDS II period, Malawi is amongst a few countries that have achieved the AU target	GoM is encouraged to turn its investment in Agriculture, Food Security and Rural Development into more sustainable value

	<p>“commitment to the allocation of at least 10 percent of national budgetary resources to agriculture and rural development’, endorsed by African Heads of State and Government endorsed at the Maputo Declaration on Agriculture and Food Security in Africa, AU Meeting, 2003. However, 60 percent of investment in the sector is on subsidized maize fertilizer, FISP.</p>	<p>added growth for prioritized value chains, in particular, with focus on building agricultural research, human resources capacity, agricultural extension, with renewed focus on strengthening the overall technological capability for the agricultural sector and agri-business value chains .</p>
	Sectoral	
iv.	<p>Lack of alignment to other sectoral strategies: ASWAp has not been fully aligned to major sectoral strategies;. With weak or no linkages with the National Export Strategy (2013 – 2018), TIP development thrust and MGDS II overall> ASWAp not aligned with priorities in the MGDS II.</p>	<p>Government and the Ministry of Agriculture and Food Security recast ASWAp, and mobilize and facilitate broad based stakeholder participation at planning, implementation, monitoring and reporting on interventions to decentralized. Make TWGs more effective/functional</p>
v.	<p>A gap with ASWAp TWGs is that the TWG on cross cutting issues (including gender) is not closely involved in the work of the other TWGs. This explains why the agriculture sector has generally struggled with effective gender mainstreaming.</p>	<p>ASWAp TWGs explore new ways of working to enable the TWG on cross-cutting issues to be more involved with work of other TWGs, enhance more active participation by various stakeholders, many of whom have since become inactive in the ASWAp and in the sector.</p>
	Institutional	
vi.	<p>The Ministry of Agriculture, Food Security Water and irrigation, has had a technical staff vacancy rate of approximately 40 percent (2012 – 2015), showing a big human resources capacity gap in the sector, giving rise to inability to address key constraints and diminished capacity to deliver expected results .</p>	<p>Government should prioritize investment in deploying more technical human resources in the relevant Ministry and Departments, and associated sectoral Ministries, through improved capacity building and training of additional personnel targeted for relevant national institutions.</p>

13.2 Water and Irrigation

Overview

Among the key priorities espoused in the MGDS II are water development and Greenbelt irrigation. The overall objective of the sector is to achieve sustainable and integrated water resources management systems and proper utilization through irrigation, increased availability and accessibility of water and sanitation services for socio-economic growth and development and strengthening of the institutional capacity of the sector.

On irrigation, during the 2013/14 period, 101,614.97 ha had been developed for irrigation, out of which 97,932.58 ha were being utilized for irrigation (representing 96.3 percent utilization rate) benefiting a total of 415,205 farmers (225,340 Males and 189,865 Females). Out of the total area utilized for irrigation, 45,433 ha were being utilized by smallholder farmers while 52,498.93 ha were being utilized by the private sector giving a total of 97,932.58 ha with an estimated 547,468.50 metric tonnes of yield. (SPR, 2014). This estimated production represents 66 percent achievement of the MGDS targeted output of 830,555 metric tonnes.

Out of the 101,614.97, a total of 4,630.97 ha were newly-developed in the financial year under review representing 4.8 percent annual increase which is less than the 6 percent annual increase target as stipulated in both the Sector's Strategic Plan and the Comprehensive Africa Agriculture Development Plan (CAADP). However, compared to last financial year when the land under irrigation grew by 2 percent, the year under review registered a better increment.

The gravity-fed technology accounts for 56 percent of the total developed area under smallholder farmers. A total of 26,015.24 ha were developed under the technology, out of which 25,591.7 ha were being utilized for irrigation. The technology is the most utilized mainly because of its cost-effectiveness as it does not need fuel as is the case with the motorized pump-based technology, and neither does it need much man power like the watering can and treadle pump-based technologies. The motorized pump-based irrigation technology accounted for 8 percent of the total developed area covering 3,949.36 ha out of which 3,590 were being utilized. The treadle pump-based technology accounts for 29 percent of the total developed area covering 13,657.30 ha out of which 13,048.21 ha were actually utilized. And the watering can-based technology accounts for 7 percent of the total hectareage under smallholder farmers and a total of 5,494.14 ha were developed by the end of the financial year under review, out of which 3,202.92 ha were actually being utilized.

Sector Financing

An analysis of resources allocated to the Sector have fluctuated from less than 1 percent to 4 percent. The revised budget to the Sector for 2011/12 was 3 percent, declining to below 1 percent in 2012/13, rising to about 4 percent in the 2013/14, before sharply declining to below 1 percent in the 2014/15 financial year (MFEPD, 2015).

Progress made in the sector is reportedly mainly as a result of an increase in the development partner support to the sector. Development partners have continued to contribute significant amounts of resources in the development budget through the second National Water Development Programme (NWDP II) and other projects such as the Shire River Basin

Development Programme (SRBDP), Small Farms Irrigation Project, Songwe River Basin Development Project. .

Due to economic challenges¹² that the country experienced during the MGDS II period, domestic resources have actually plummeted at both district and national levels. For example, the Sector Ministry's 2013/14 funding was only 49.6 percent of the approved provision. The national resource envelope has declined during the 2014/15 and the 2015/16 financial year, in particular against the background of Development Partner withdrawal of budget support.

Availability of Water Resources in Malawi

Malawi has vast natural water resources, with an estimated average of 1,400m³ of water resources per capita, renewed annually. The spatial and seasonal distribution of the resource, however, leaves a lot of imbalances. This makes the country to be categorized currently as "water stressed" according to International Standards. There are imbalances in the spatial and seasonal distribution of the resource. Relatively few areas have abundant water resources available throughout the year, with most areas experiencing seasonal fluctuations or perpetual year to year water scarcity with pronounced shortages during the dry months of the year.

Surface Water

Lake Malawi stores the bulk of the renewable surface water resources, with an average of 90Km³ of live storage (that can flow out of the Shire River). It is the most important water resource for Malawi and plays a vital role in the socio-economic development of the country. The Shire River itself transits an annual average of about 18 Km³ (500 to 600 m³/s) into Mozambique. The annual surface water resources yield on land is about 13 Km³ and predominately drain into Lake Malawi and the Shire River. However, more than 90 percent of this runoff occurs in rainy season, particularly from December to April, every year.

Other important surface water resources include Lake Chilwa with a surface area of 683 km², Lake Malombe with an area of 303 km², and Lake Chiuta with a surface area of 60 km² while small lakes, lagoons and marshes include Lake Kazuni, Chia Lagoon, Chiwondo lagoon, Elephant Marsh, Ndindi marsh and Vwaza Marsh.

The country has a good network of river systems and is rich in surface water resources. Major rivers are the Shire, Bua, Linthipe, Songwe, North Rukuru, South Rukuru, Dwangwa and Ruu. The Shire is the largest river and is the only outlet of Lake Malawi while all the other major rivers drain into Lake Malawi or Shire River. The mean annual runoff over the land

¹² Withdrawal of budgetary support.

area of the whole country is 196mm (i.e. an equivalent of 588 m³/s) and this constitutes 19% of the mean annual rainfall. The mean annual outflow in the Shire River at the Lake outlet upstream Mangochi is 395m³/s.

Ground Water

Groundwater resources in Malawi have for a long time been developed predominantly for domestic supplies in both rural and urban areas. There are two types of aquifer systems in the country namely the extensive but low yielding weathered basement aquifer of the plateau area and the high yielding alluvial aquifer of the lake shore plains and the Lower Shire Valley. The weathered zone is best developed over the plateau areas where it is commonly 15 - 30 m thick and even thicker. The average yield in the weathered zone of the basement complex lies in the range of 1 - 2 litres per second.

Ground water resources, though, appear abundant; the economically exploitable resources are limited. The existing aquifers are not extensive, but disjointed with characteristic relatively low yields and in most cases these aquifers are highly localised.

Water Quality

The quality of water in Malawi varies from source type (Surface of ground water), type of aquifers and activities taking place on the environment. For example, the quality of surface water in Malawi is affected by factors like the chemicals composition of parent rocks, agricultural activities and the discharge of partly or untreated effluents including disposal of wastes from residents and industrial sites without treatment facilities that could be in form of non-point sources of pollution, difficult to control. Analysis of water quality data generated on microbiological parameter has so far demonstrated that surface water sources present the highest levels of *Faecal coliform* contamination, followed by open wells, shallow protected wells, and boreholes with average contamination level of 435 *Faecal coliform* count per 100ml. Microbiological contamination in rivers, streams and reservoir waters is normally to such extents that it is unsafe to drink directly without treatment. The situation is worse in rivers, streams flowing through the cities of Blantyre district (for example, Mudi River, Nasolo stream), Zomba district (for example, Likangala, Domasi Rivers), Lilongwe district (for example, Lingadzi River, Mchesi Stream, Chatuwa stream, Kanangá stream) and Mzuzu (Lunyangwa River) where *Faecal coliform* types of bacteria of as high as 30, 000 per 100ml has been observed.

Water Resources Regulation

The management of water resources in Malawi is currently being regulated by the Water Resources Act of 1969. Although there have been changes and reforms within the water sector since 1969 when the current Water Resources Act (1969) was first promulgated, the country continues to use legislation that does not accommodate the changes, new challenges and

emerging issues. The water sector uses the National Water Policy that was approved in 2005, but its implementation has lagged behind due to the absence of a commensurate legislation. These challenges have necessitated the repealing of Water Resources Act (1969).

The proposed Water Resources Bill of 2012 provides the principal and subsidiary legislation to implement the National Water Policy 2005. The intention is to translate the National Water Policy of 2005 into a legal framework and thus bring into force the necessary enabling legislation to support the implementation of the Policy. The Water Resources Bill of 2012, is required to address the key challenges and issues facing the water sector which include drying up of water courses, degradation and pollution of water resources. The Water Resources Bill (2012)¹³, among other things, proposes the strengthening of Water Resources Board by transforming it into National Water Resources Authority, establishment of Catchment Management Committees and creation of a Water Resources Trust Fund.

Water for Irrigation

The target is to develop 200,000 hectares for irrigation as a medium term target in and the Ministry's Strategic Plan (2012/13 – 2016/17)¹⁴. The Sector Performance Review (2013/14) reports that a total of which 97,932.58, from both private estates and smallholder farmers, were being utilized benefiting a total of 415,205 farmers (225,340 men and 189,865 women). Private estate irrigation covered about 52,498.93 hectares in 2013/14, whilst smallholder farmers had 45, 433.65 hectares irrigated land. Despite Malawi's massive irrigation potential of up to 471, 000ha, only a relatively small proportion was being fully exploited, with only about 21 percent of the existing potential being realized. Less than 50 percent of the Ministry Strategic Plan, which had 200 000 ha as a medium term target. The MGDS II has a target of reaching 400, 000 hectares of irrigated land, by 2016, out of an estimated potential of 1,000, 000 hectares (GoM, 2011).

Table WI 2.1 shows distribution of irrigation hectares during the MGDS II period.

¹³ Water and Energy Regulation (Amendment) Bill and Water Boards Corporatization Bill have both been stalled since 2011. Reasons for the stalling are not altogether clear, except that there is a big capacity challenge in the drafting department of the Ministry of Justice.

¹⁴ The MGDS II indicator framework makes reference to one indicator 'output from irrigation agriculture, tonnes'.

Table WI 2.1: Total Irrigated Area by Stakeholder Category, Hectares, Malawi 2009-10 to 2013-14

Stakeholder Category	2009-10	2010-11	2011-12	2012-13	2013-14
Private Estates-Irrigated Area, (ha)	51,000	48,382	49,340	50,000	52,498
Area Under Smallholder Irrigation (ha)	39,000	42,181	43,182	44,209	45,433
Annual totals	90,000	90,563	92,522	94,209	97,931

Source: Agriculture Joint Sector Performance Review, 2013/14

Table WI 2.1 also gives an overview of how irrigation development is distributed across different regions of Malawi, from the Irrigation Services Division (ISD). Lilongwe ISD depicts the largest hectarage of 13,117.41 ha for area developed for irrigation benefitting a total of 123,508 farmers (64,868 male farmers and 62,640 female farmers), whereas Salima ISD registered the least hectarage for irrigation development.

Table WI 2.2 shows recent growth in the total development of irrigated land in the country, as at 2013/14.

Table WI 2.2: Area Developed By Irrigation Services Division (ISD), Hectares, Malawi, 2014

Name of ISD	No. of Schemes	Total Area Developed (ha)	Total Area Utilized (ha)	No. of beneficiaries		
				Men	Women	Total
Shire Valley	392	4,042	3,416	12,913	9,566	21,919
Blantyre	9,901	7,644	7,320	34,519	32,646	68,165
Machinga	1,433	6,022	5,676	17,903	16,870	33,773
Lilongwe	12,398	13,117	11,827	64,868	62,640	123,508
Salima	2,684	1,277	1,239	13,105	11,929	26,780
Kasungu	7,388	6,819	6,518	56,489	34,938	90,476
Mzuzu	359	7,255	6,964	14,228	12,420	29,648

Karonga	4,096	2,940	2,475	11,315	9,061	203763
Total	38,601	49,116.04	45,433.65	232,086	182,914	415,205

Source: Irrigation Services Division, 2014

Irrigation Development under Smallholder Irrigation Sub-Sector

The total annual area targeted for new irrigation schemes development is 5,000 hectares according to the 2011/2016 Irrigation Strategic Plan¹⁵. However, a total of 4,630.97 hectares were newly developed under various technologies, out of which 3,723.56 hectares were utilized in the 2013/2014 period. Table WI 2.3 depicts cumulative irrigation development under various technologies, supported by the Irrigation Services Division, as by the year 2014. Table WI 2.3 shows irrigable area developed by type.

Table WI 2.3: Area Developed By Technology, Hectares, Malawi 2014						
Technology	No. of Schemes	Total Area Developed (ha)	Total Area Utilized (ha)	No. of Beneficiaries		
				Men	Women	Total
Gravity fed	3,247	26,015.24	25,591.7	107,199	91,316	198,515
Motorised Pump	1,113	3,949.36	3,590.82	16,940	16,276	33,216
Treadle Pump	11,856	13,657.30	13,048.21	84,925	69,485	154,410
Watering Can	22,419	5,494.14	3,202.92	16,276	12,788	29,064
Total	38,635	49,116.04	45,433.65	225,340	189,865	415,205

Source: Irrigation Services Division, 2014.

The gravity-fed technology accounted for 56 percent of the total developed area under smallholder farmers. The technology is the most utilized mainly because of its cost-effectiveness as it does not need fuel as is the case with the motorized pump-based technology. The motorized pump-based irrigation technology accounted for 8 percent of the total developed area covering 3,949.36 ha out of which 3,590 were being utilized. The treadle pump-based technology accounted for 29 percent of the total developed area covering 13,657.30 ha out of which 13,048.21 ha were actually utilized.

¹⁵ This figure is far less than the highly ambitious Green Belt Irrigation target of 400 000 hectares for irrigation out of an estimated 'potential of 1, 000, 000 hectares'.

Irrigation Development in the Private Sector

The private sector is also participating in the irrigation sub sector. The total area which utilised by the private sector stood at 52,498.93 hectares. The estate sector was mainly in the sugar and tea industry. Some private irrigation farmers also practiced supplementary irrigation especially in the tobacco industry while a few others were growing cereals and vegetables.

Table WI 2.4 shows the binding constraints/challenges and recommendations for the sector.

Table WI 2.4: Constraints/Challenges and Recommendations for Water and Irrigation in Malawi	
Constraints/ Challenges	Recommendations
Policy	
i. Lack of clear coordination of irrigation and water project implementation arrangements between responsible Ministries and other co-implementing Ministries/Agencies/Institutions or stakeholders	De-politicize process, need to establish functional and accountable structures. Explore more efficient ways of working and or collaboration between co-project implementers and stakeholders, both state and non-state structures.
ii. Institutional misplacement of irrigation projects	A cohesive approach to irrigation and water development, with view to reduce <i>politically induced and fragmented approach</i>
iii. Land conflicts which derails implementation of projects	Develop, <u>fast-track</u> and <u>enforce</u> appropriate legislation; sensitization and civic education of communities on irrigated agriculture to reduce land tenure wrangles for example, <i>Land Bill, 2015, Customary Land Bill, 2015, Lands Acquisition (Amendment), Registered Land, Local Government (Amendment) Bill, 2014.)</i>
Sector level	
iv. Inadequate technological capability in sector (know-how, low skills of contractors and consultants in irrigation scheme construction)	Invest in strengthening technological capability, first within key institutions and also at national level through capacity building and training in water resources and irrigation management
v. Low budgetary allocation to the sector, huge mismatch between target and availed resources; annual national budget allocation below 20% what is required to meet targets in sector; under-staffing of responsible Ministries and limited technical capacity for national irrigation and water development agenda	Review national resource allocation in relation to targets for the sector; or review the targets as well to match available resource envelope. Ensure better performing economy to enable availability of higher resource envelope.
vi. Dwindling water resources after the rainfall i.e. low flows/drying up of rivers, wells, dams	Promote water conservation/practices including promotion of Integrated Water Resources Management (IWRM) in general,

	promoting afforestation, construction of new dams as well as other water harvesting/retention structures, effective/efficient in-field water management.
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13.3 Energy

Overview

Malawi's suffers deficits in almost all areas of energy since demand for energy is outpacing the country's ability to provide and sustain energy goods and services. Although Malawi's energy sector has three main sub-sectors: electricity, liquid fuels and gas, and coal, in reality when matters of energy are discussed they center on fuel and electricity, and at the inception of MGDS II Malawi had problems with both. Over the MGDS II implementation period Malawi has succeeded in addressing shortages of liquid fuels but problems in power remain.

Source of Fuels Used for Cooking

Malawi is heavily reliant on biofuel for its cooking energy requirements and Table EN 2.1 shows that 98 percent of the households used solid fuels for cooking. In contrast, 2.2 percent of the households used electricity for cooking energy. In the period under MGDS II there has been significant shift in energy use; the proportion using firewood and electricity has fallen in favour of charcoal. Significant variations in energy use by residential location are equally apparent with 99.5 percent of rural households reliant on biomass in 2013 while 89.2 percent of urban households used biomass in 2013 with 10.6 percent using electricity. Slightly over half (51.1 percent) of the urban households used charcoal for cooking energy, and this has serious implication for deforestation. Reflecting gender based division of labour, in 2013 a lower proportion (83 percent) of male-headed households used firewood for cooking energy than their female headed counterparts (88.8 percent). Conversely, a higher proportion (13.7 percent) of male-headed households used charcoal for cooking than female-headed ones with 8.2 percent.

Table EN 2.1: Sources of Energy for Cooking, Percentage of Households, Malawi 2010 and 2013								
	Solid Fuels		Firewood		Electricity		Charcoal	
	2010	2013	2010	2013	2010	2013	2010	2013
Malawi	97.6	97.8	88.4	84.4	2.3	2.2	8.9	12.3
Place of Residence								
Urban	88.7	89.2	42.7	37.1	11.2	10.6	45.4	51.1
Rural	99.2	99.5	96.9	94.1	0.7	0.5	2.1	4.4
Region								
North	99.3	99.7	96.2	92.3	0.7	0.2	3	7.3
Center	97.8	97.8	90.8	86.2	2.2	2.2	6.6	10.7
South	97.0	97.4	84.4	81.3	2.8	2.5	12.2	14.9
Household Headship								
Male-headed	97.6	97.6	86.8	83.0	2.3	2.3	10.5	13.7
Female-headed	97.7	98.3	93.4	88.8	2.3	1.7	3.8	8.2
Source: NSO, Integrated Household Panel Survey, 2010 and 2013								

Source of Fuels Used for Lighting

Sources of energy for lighting manifests both energy poverty but also a radical transformation in Malawi's energy use. Following the energy price liberalization of 2012, Government's decision to set a two-part tariff and subsidize paraffin for domestic use has led to shortage of paraffin and movement away from it. In 2010, close to two-thirds of households used paraffin but by 2013 this had declined to 12.5 percent, see Table EN 2.2. This pattern is replicated across regions, with the North suffering the most reduction. This has resulted in increased proportion using torches/dry cells from about 22 percent of households to 64.5 percent, especially in the rural areas. In urban areas, besides torches reliance on candles has also increased. Although the fraction of the population reliant on electricity for lighting has increased, the increase is driven more by urban connections (from 29.3 percent to 36.6 percent) than rural electrification (3.4 percent). Trends in energy use between female and male headed households are similar although magnitudes differ; twice as many female headed households use firewood and are more reliant on paraffin while male headed households use relatively more electricity and lamps and batteries. Energy poverty predominantly affect women, who mostly bear the burden of supplying energy for household use.

Table EN 2.2: Sources of Energy for Lighting in Malawi, Percentage of Households, Malawi 2010 and 2013

	Firewood		Paraffin		Electricity		Batteries/Dry Cell		Candles	
	2010	2013	2010	2013	2010	2013	2010	2013	2010	2013
Malawi	6.7	5.0	58.7	12.5	6.7	9.0	22.0	64.5	4.8	6.9
Place of Residence										
Urban	1.1	1.2	52.1	20.1	29.3	36.6	5.4	19.5	12.0	21.7
Rural	7.8	5.7	59.9	11.0	2.6	3.4	25.1	73.7	3.4	3.9
Region										
North	7.8	5.5	48.0	4.2	5.5	7.2	32.4	77.0	4.2	4.2
Center	7.9	6.1	49.7	7.2	4.8	6.6	29.8	69.2	6.4	8.7
South	5.5	3.8	68.9	19.3	8.6	11.7	12.8	57.5	3.6	5.7
Household Headship										
Male-headed	4.4	3.5	57.6	11.0	7.2	9.9	25.0	66.4	4.9	7.5
Female-headed	14.0	9.5	61.8	17.2	5.3	6.4	12.8	58.8	4.2	5.3

Source: NSO, Integrated Household Panel Survey, 2010 and 2013

Development in Electricity Sub-Sector

Owing to historical and economic reasons, Malawi's electricity supply industry, in which ESCOM is the only player, comprises three levels: generation, transmission and distribution (which includes retailing).

Generation: at the inception of MGDS II, Malawi's installed generation capacity stood at 282 MW. Nearly 98 percent of this capacity was provided by hydropower from a cascaded group of three interconnected hydroelectric power plants located Nkula, Tedzani and Kapichira on the middle part of Shire River and a mini hydropower plant on the Wovwe River in the northern region. Generation is characterized by aged infrastructure which operates at below capacity and is further slowed down by environmental problems, especially siltation and aquatic weeds.

Nkula A power station, the first power station in the country, was constructed between 1966 and 1967 and has an installed capacity of 24 MW; Nkula B Power station, constructed in phases between 1980 and 1992, has an installed capacity of 100 MW. The Tedzani power stations comprise three power stations; which share a common intake dam but with separate Bell mouths and have a combined installed capacity of 92.7 MW. In 2011, last of the three power stations, Kapichira power station was commissioned in September 2001, with an installed capacity of 64 MW.

Under MGDS II the major achievement in generation was the locally funded completion of the second phase of Kapichira, which added 64 MW of power and increased the national installed capacity to 351 MW. With demand for power projected to rise to 1500 by 2020, Malawi signed an

MOU with China Gezhouba Company for the construction of a thermal power plant at Kammwamba in Neno, with an eventual capacity of 1000 MW. A recently executed financing agreement puts the first phase at 300 MW at a cost of USD667 million. In addition, there was progress towards renewable energy following the electrification of the Kamuzu International Airport with 850 kV grid connected solar power, funded by the government of Japan.

However, additional power from Kapichira provided temporary reprieve for Malawi as year later, power shortages are evident. Worse still, Malawi has no generation project currently under construction, implying that barring any quick solar or wind solutions, Malawi will continue to experience energy deficits in the next three years. A number of feasibility studies currently underway, including detailed feasibility for Fufu hydroelectric station, Mpatamanga and Chimgoda can only be expected to bring power in 2020 at the earliest.

Transmission: Malawi's transmission system is fairly constrained and inefficient. Since all power is generated in the South, electricity is transmitted over long distances resulting in transmission losses of about 22 percent. The infrastructure is fairly aged, comprising some 1,250 km of wood pole lines and 815 km of steel tower lines, with the former subject to termite damage and the latter to vandalism.

Under MGDS II no investment has yet been made, but preparatory work for transmission upgrades are underway under the US government's Millennium Challenge compact (USD 350 million) and the World Bank's Energy Sector support (USD 84 million) project. Under the compact, a new 400 kV transmission line, from Phombeya to Lilongwe and upgrade of a number of substations are contemplated. In 2013, Malawi and Mozambique signed an intergovernmental agreement to interconnect the power systems of the two countries, and discussions on an interconnector with Zambia are in infancy.

Distribution: Under Phase 7 of the Malawi Rural Electrification Programme (MAREP), 81 trading centers were electrified and a further 81 trading centers are planned for electrification under MAREP Phase 8. Yet Malawi's rural electrification rate of 3.4 percent remains the second lowest in Africa. During implementation of MGDS II, ESCOM's customer base has increased slowly from 194,459 in 2010 to 269,469 customers in 2014, representing an average of 18,500 new connections annually. ESCOM also exports power to some border towns: Lundazi in Zambia; and Milanje, Mandimba, Zobue and Villa Ulongwe in Mozambique.

Demand management: To reduce energy consumption, between 2010 and 2013, with the aid of DfID Malawi implemented an Energy Efficient Lighting project in which government distributed 1.086 million out of 1.3

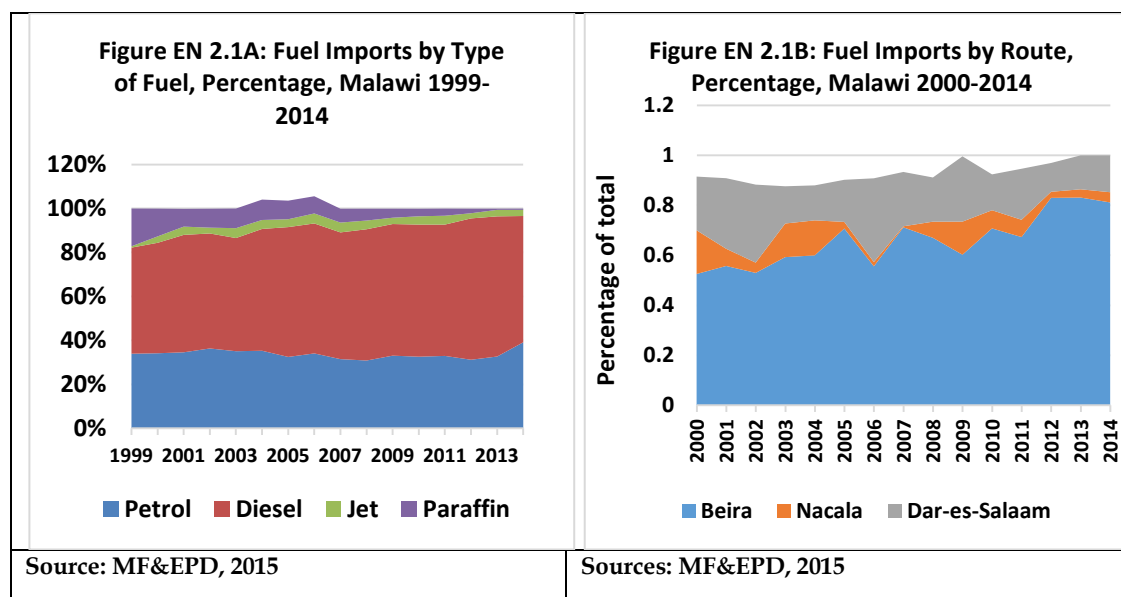
million free Compact Fluorescent Lamps (CFL) bulbs to households which translated into a saving of 44MW during peaks. It was expected that proceeds from the remaining bulbs would be used as seed money for establishing a revolving fund to support the phase out of incandescent bulbs (ordinary bulbs).

Liquid Fuels and Gas

a. Petroleum Imports

The liquid fuels and gas subsector in Malawi mainly consists of petrol, diesel, paraffin, gas and ethanol, the latter being a blending agent for petrol. The wholesale market has traditionally been dominated by international oil corporations who provide franchises to local Malawians to operate retail points.¹⁶

The process of supplying liquid fuels to final consumers in Malawi involves several stages, including importation, transportation, storage, distribution, wholesaling and retailing. At the importation stage, a consortium of oil companies, Petroleum Importers Limited (PIL) imports the bulk of the liquid fuels into Malawi at international prices using a competitive tendering system at different ports (Dar es Salaam, Beira and Nacala). In recent years, as Malawi's economy has faced hardships, her fuel imports have declined, from a peak of 339 million litres in 2009 to 278 million in 2014. The composition of fuels has changed as well. In the early 2000s Malawi's fuel imports consisted of 33 percent petrol, 50 percent diesel and 17 percent paraffin. Since 2008 diesel, petro, and paraffin accounts for 60, 34 and 3 percent respectively (Figure EN 2.1A).



¹⁶Under the law, each petroleum importer can own and directly operate a maximum of two filling stations.

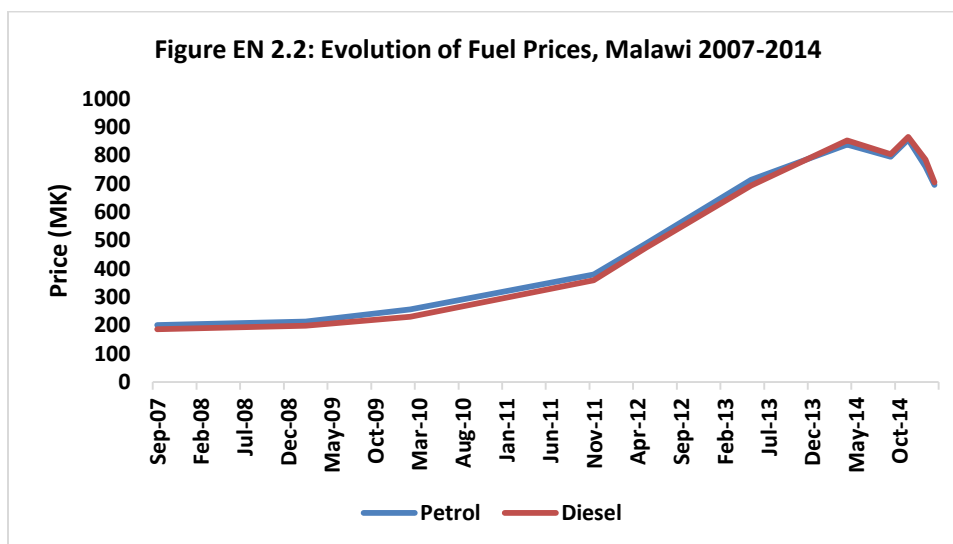
The second stage involves international haulage of fuels from the ports to the storage depots in Malawi. When the current system was put in place, it was designed that 50 percent, 30 percent and 20 percent of Malawi's liquid fuels would be procured and hauled through the ports of Beira, Nacala and Dares Salaam, respectively. However, due to capacity problems on the Nacala route and distance from Dar es Salaam, currently 82 percent of Malawi's fuel imports come through Beira, 14 per cent through Dar es Salaam and 4 percent through Nacala (Figure EN 2.1B).

b. Petroleum Pricing

Levies and Taxes: The liquid fuels sector acts as a cash cow for the Government in terms of both taxes revenue and levies. Liquid fuels are heavily taxed in Malawi. The duty and excise taxes are respectively 10 percent and 29 percent on petrol, 10 percent and 30 percent on diesel, and 5 percent and 15 percent on paraffin. To these taxes are added a number of levies which we discuss below.

The Energy Laws and Regulations institute fuel levies and provide guidelines for their use and management. In principle, the levies were introduced in the fuel price structure to cater for specific financial obligations that would benefit Malawians and the development of the country. These levies are of two types: fixed and *ad valorem*. The fixed levies on liquid fuels include the road levy, rural electrification levy, maize/drought levy (safety net); and the two *ad valorem* levies are the Malawi Bureau of Standards (MBS) and the fuel price stabilization levy (Petroleum Stabilization Fund).

Automatic Pricing Mechanism: Between 2008 and 2012, Government suspended the automatic fuel pricing mechanism. As a result there was no pass through from international prices into local prices and exchange rates were fixed. As a result the PSF run out of funds, government forewent its revenue to ensure stable fuel prices. For instance, between 2011 and 2012, the fuel prices on the international market increased from around \$80 per barrel to over \$110 per barrel. Yet local pump prices remained constant. In May 2012 Malawi reverted to the automatic pricing mechanism. The main principle underlying price setting was the automatic pricing mechanism which linked pump prices to procurement costs with exchange rate movements with a 5 per cent trigger band. Combined with devaluation of the Kwacha, between May 2012 and May 2013 fuel prices rose by 45 percent and by 71 percent by April 2014. Since 2014, Malawi dispensed with a tradition of pegging petrol higher than diesel prices and since then diesel costs more than petrol (see Figure EN 2.2).



c. Petroleum Storage

At the inception of MGDS II, Malawi faced the worst fuel crisis ever. Currency misalignment, shortage of forex and lack of pass through due to price fixing resulted in fuel shortage. This was exacerbated by limited fuel storage capacity. Currently Malawi has a fuel storage capacity equivalent to 15 days mostly in private hands. Between 2012 and 2014, government through MERA rehabilitated two Public fuel storage facilities located in Chipoka and Mchinji. Under MGDS II Malawi established the National Oil Company of Malawi (NOCMA) following recommendation stipulated in the National Energy Policy of 2003, to manage strategic fuel reserves and stabilize fuel supply in the country. Contemporaneously, with the assistance of an Indian line of credit, Malawi is constructing three strategic fuel reserves with a combined capacity of 60 million litres bringing the national storage capacity to 75 days.

Gas

The gas market in Malawi is almost negligible with only 650 tonnes of imports per annum of which only 10–20 percent is for domestic use. The market structure is monopolistic with British Oxygen Company (Malawi) Limited, previously Industrial Gases Limited, having operated in Malawi for close to 40 years as the sole importer and supplier of gases. Apart from liquefied petroleum gas (LPG), the British Oxygen Company (BOC) also supplies carbon dioxide (CO₂) for use in the manufacturing of carbonated drinks. It also supplies welding electrodes and accessories. In terms of ownership structure, 80 percent of the shares in BOC are owned by the African Oxygen Company (Afrox) in which the BOC has a shareholding.

Coal

The coal industry in Malawi faces enormous cost-effectiveness challenges as Malawians find it cheaper to import than use domestically produced coal. Although domestic demand for coal is very high, domestic coal producers are at a competitive disadvantage due to high transport costs. To supply coal to customers in Malawi's industrial hubs in the southern region from mines in Livingstonia requires overland transporting of 800 kilometres (with no return load). In contrast, coal from Moatize in Mozambique covers only 230 kilometres. The lack of competitive edge is reflected in price since, although Mchenga sells coal at US\$38 per tonne (ex-mine) it costs US\$56 to transport a tonne of coal 450 km to Lilongwe and twice as much to Blantyre.

Gender and energy

The Gender and Energy Status Report (2015) reveals that although the National Energy Policy (2003) made several gender commitments, the energy sector underperformed in delivering on these commitments. The sector's technical personnel have widespread low understanding of gender as a concept, which has resulted in weak analytical capacity to understand why the sector is relevant to the attainment of national gender equality objectives and addressing poor development indicators for women and girls. Yet, the sector can contribute to improving girl child school attendance and retention through the availability of high quality lights in education facilities, especially in secondary schools. Electricity enables boys and girls to study and strengthens the safety of girls. It also motivates teachers to stay in rural communities and effectively provide education services. Modern sources of energy reduce the burden for girls to collect firewood or travel long distances for grain milling, thus refocusing their attention on education. Modern sources of energy are also fundamental in improving the economic status of women. Improving access to clean energy fuels aids food production, and processing thus releasing women to focus more productively on agriculture and other economic activities. The energy sector can enable women to become entrepreneurs by building, selling and maintaining energy related products. Therefore, energy policy and planning has to understand women's role in small enterprises in order to promote the most suitable forms of fuel for them.

Energy institutions can contribute to promoting participation of women in decision-making positions by offering equal employment opportunities to both men and women in the energy sector. Currently the participation of women in professional and/or decision making positions in the energy sector is disheartening. According to the Gender and Energy Status Report (2015), women's representation ranges from zero in the Department of Energy, 11 percent in ESCOM, 14 percent in NOCMA, to 25 percent in MERA. None of the four institutions has over 20 percent women's representation in professional positions. In the core engineering divisions of generation, transmission and distribution of ESCOM, women stand at 2.1 percent, 1.3

percent and 3.9 percent respectively.

Gender mainstreaming in energy can further contribute to reducing gender based violence. Poor access to improved energy contributes to risks of: sexual exploitation of girls in self-boarding facilities by older men; sexual attacks of women due to lack of/inadequate street lighting; sexual attacks of women as they walk long distances to collect firewood, water and access grinding mills etc. In general, lack of gender mainstreaming in energy can leave negative impacts of energy interventions on local women and men undetected and unaddressed, thus further retrogressing development. Therefore, for the energy sector to contribute to the improvement of development indicators for women and girls, it has to adopt and implement policy and programmatic measures that have clear strategies to enable various energy sources to suitably and sustainably support women's and girls' development.

Table EN 2.3 summarizes constraints/challenges and recommendations for the Energy sector.

Table EN 2.3: Constraints/Challenges and Recommendations on Energy in Malawi	
Constraints/Challenges	Recommendations
i. Lack of an energy investment program, or Integrated Resource Plan (IRP). Malawi does not have an IRP so that it is not clear how demand will evolve and what investment will be needed to meet the demand. ESCOM does not have an independent investment program either and relies on Government's benevolence to build their asset base.	a) Develop capacity for energy planning especially electricity demand projections within Government and ESCOM.
ii. Over reliance on one type of technology (hydro power) and one river for all power generation. Malawi is 98 percent dependent on hydro power located on Shire River. Since the power stations are run-of-the river, they use the same water so that low (or too high) water levels in Lake Malawi affect all stations and threaten national power generation.	a) Develop a diversification program within hydro but away from Shire River to other perennial rivers especially Songwe, Bua, Dwambazi and Rukuru. b) GoM, ESCOM and private sector should seek to diversify away from hydro to other technologies for example, biomass, geothermal or solar. c) Create fiscal incentives to encourage diversification and investment in alternative energies, for example, duty waivers, tax breaks/holidays and rebates. d) Balance investments in grid vs. off grid energy sources
iii. Emphasis and overreliance on foreign financing for projects lead investment paralysis: High fixed costs of establishing power generation of necessity require foreign funding. Instead of mixing foreign with domestic funding, government and	a) Use innovative finance, including issuance of Eurobond to fund energy projects. b) Expand the scope of Rural Electrification Fund and transform into an Energy fund beyond rural electrification. c) Design procedure for mobilizing resources

	industry players seem fixated on sourcing foreign partner to the exclusion exploration of analyzing potential resource mobilization in domestic financial markets, which are actually over liquid (for example, pension funds).	for energy from local financial market or through private sector participation, for example, listing potential projects on Stock Exchange.
iv.	Technical problems arising from environmental degradation. Due to conversion of ecologically fragile land for agriculture along the Shire River and its tributaries, significant deforestation has occurred resulting in soil erosion and accumulation of silt in intake reservoirs. This is exacerbated by leached out fertilized carried by run-off into the rivers which provides rich nutrients for aquatic weeds that also clog intake reservoirs downstream, reduce generation capacity and necessitate frequent shut-downs and load-shedding.	<ul style="list-style-type: none"> a) GoM needs to invest in building and deepening technological capability within the energy and environmental management sectors through a number of options: b) Implement a human resources plan designed to ensure the country develops its own technical capacity to manage efficiently her natural resources; c) Explore options implementing options based on development best practice, learning from other countries in the region.
v.	Obsolescence of generation technology. In general generation equipment has a life of 40 years. However, some of ESCOM's plants are over fifty years old and due to vast changes in generation technology, ESCOM finds it hard to procure exact spare parts for some equipment for the older stations leading to long shutdown, for example, Tedzani I and II stations between 2001 and 2009.	<ul style="list-style-type: none"> a) GoM lead in the establishment of Business Public Private Partnerships (BPPPs) in energy, with a view to making substantial new investments in the sector. b) GoM: Create an enabling environment for private sector investment in the sector, focusing on policy development and supportive legislation.
vi.	Inadequate maintenance funding and delayed project implementation such as modernization of the excitation and control systems. The time and financial resources devoted to maintenance of the machines is just adequate to keep the machines going and not to add value and extend their useful life.	<ul style="list-style-type: none"> a) GoM: Lead in forging of BPPPs, innovative joint projects as well as individual private sector funded businesses in the sector. b) GoM: Expedite private sector investments in the sector by creating a facilitation framework that is sensitive to the requirements of private entrepreneurs.
vii.	High technical and non-technical losses in transmission and distribution: ESCOM loses an average of 21 per cent of energy between generation and sales. In addition, the ESCOM faces unremunerated electricity especially arising from meter tampering and	<ul style="list-style-type: none"> a) Formulate an investment program that would develop sources in others regions to stabilize to reduce transmission distance. b) Commercialize ESCOM to encourage efficiency and investment in more efficient technologies for distribution. c) Develop a General policy and standard on the use smart meters and other

	illegal connections.	technologies to identify illegal access to electricity.
viii.	Vandalism of infrastructure and installations. Two types of installations are usually targeted by vandals: transformers and the conductor cables. Transformers are attractive because they contain transformer oil, copper windings, blades and copper cables at the transformer/earth mat. Both aluminium and copper are highly sought after in the scrap metal market with copper being the more desirable of the two due to its much higher price in the market.	a) Review the law to designate vandalism of utility infrastructure as economic sabotage with stiffer penalties.
ix.	Poor social and gender inclusion in energy policies and strategies: this has lead to poorly targeted responses that are not consistently relevant to different needs and priorities for the demand side.	Through the Department of Energy, the energy sector should: <ul style="list-style-type: none"> a) Embrace the main pillars that can lead to successful gender integration, namely (i) clear mandate, (ii) leadership commitment, (iii) budget and resources, (iv) development and monitoring of targets (KPIs), and (v) accountability during performance review. b) Map out energy sources that are relevant to different population groups, including women, the poor and rural communities and develop targeted interventions. c) Reinforce a culture of programming from social and gender perspectives in all subsectors of energy and monitor the same robustly. d) Implement a capacity building programme for gender mainstreaming in energy that targets all energy sources and players.
x.	Volatility of fuel prices due to automatic price mechanism. Changes in international prices or fluctuations in domestic currency lead to changes in fuels price under automatic pricing mechanism. On a number of occasions, Government has suspended the principles of automatic pricing and opted to manage the price structure in a way that minimizes the impact of the fuel price increase on the economy.	<ul style="list-style-type: none"> a) Capacitate Price Stabilization Fund to stabilize prices. b) Periodically review the trigger mechanism and formula underlying automatic price mechanism.

13.4 Private Sector Development, Industry and Trade

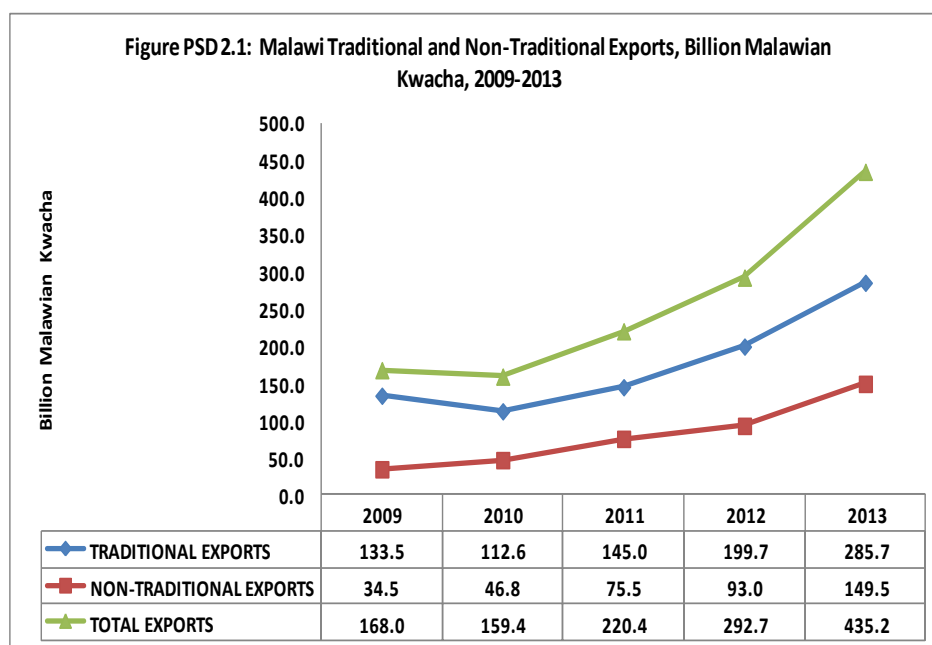
Overview

This area is classified in the MGDS II as a sub-theme under the Sustainable Economic Growth Thematic Area, but it is also classified together with energy, mining and tourism, as a sub-set of the KPA, and being described as 'Industrial Development'. The result of this categorization has been a logical analysis challenge and an overlooking of the critical importance and massive potential to turnaround the Malawian economy, through backward and forward linkages with other sectors of the economy.

In the private sector, outside of the agri-based activities, discussed elsewhere in this report, within the manufacturing, service and commercial sectors, there is a glaring "missing middle" in between the very small and very large enterprises. About 22 percent of GDP comes from trading and retailing activities, mostly linked to the rural economy. Malawi's small manufacturing sector has been in decline, with low capacity utilization and falling investment. The formal sector manufacturing accounts for just about 10.8 percent of GDP with only 14 percent of output being exported.

Development in Trade

Malawi has preferential market access to the EU under the Everything but Arms (EBA) initiative. Furthermore, Malawi has bilateral trade agreements with South Africa, India, and Mozambique. Malawi also benefits from preferential market access to China, Canada, and Japan under preferential arrangements for LDCs. Figure PSD 2.1 shows that Malawian traditional exports (nominal value), namely, tobacco, tea, coffee, sugar, rice and cotton account for 65 percent (most of which is tobacco).

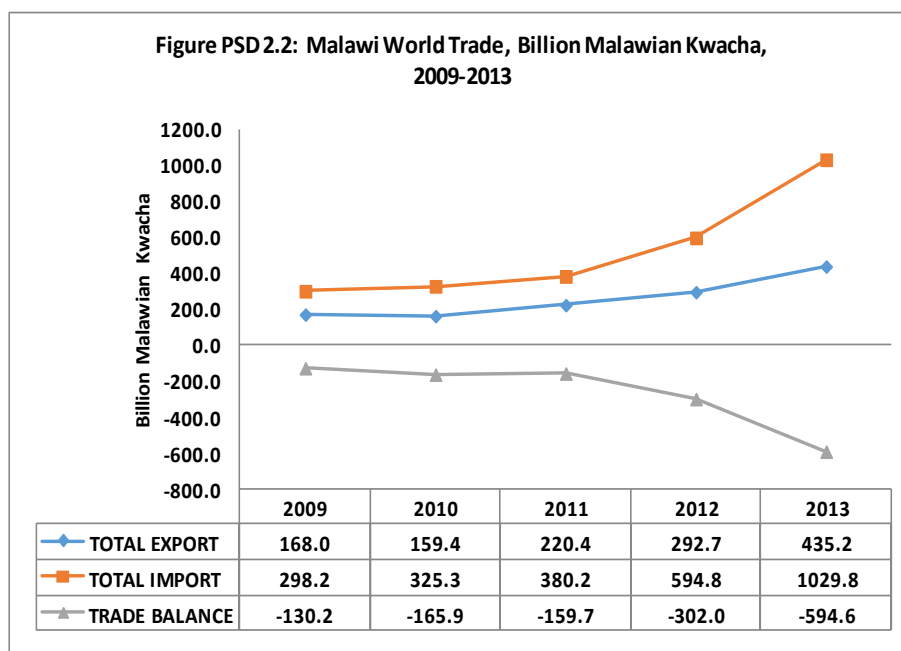


Source: Statistics Unit, Ministry of Industry and Trade, Malawi, 2015

Note: Traditional exports include tobacco, tea, coffee, sugar, rice and cotton

Non-traditional exports: include services and everything else.

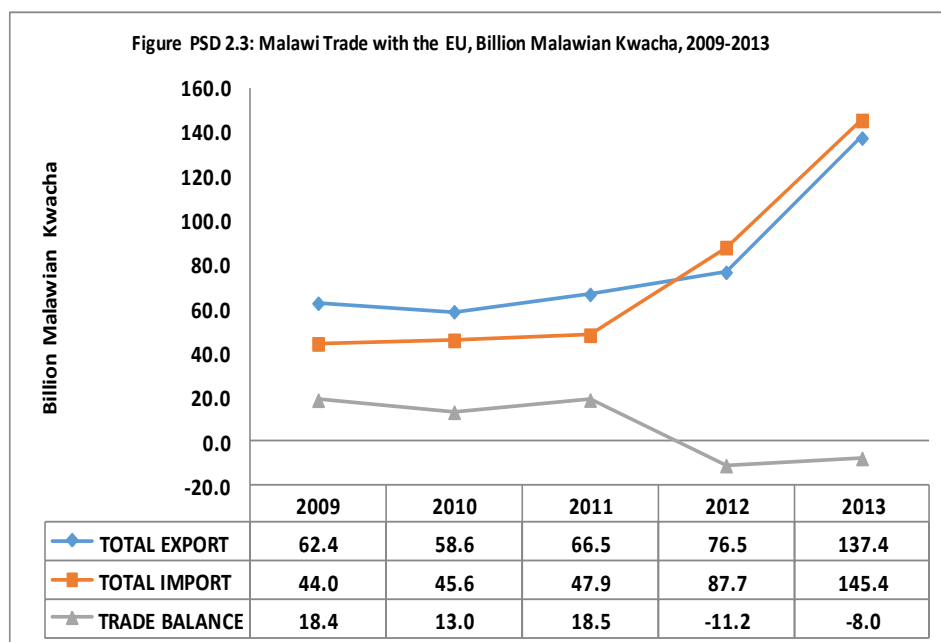
Figure PSD 2.2, shows that Malawi's World trade deficit has more than tripled between 2010 – 2013, from MK 166 billion, to MK 595 billion. Whilst the massive devaluation of Malawian Kwacha of 52 percent in 2012 noted, the implication is that on an increasing basis, the country imports a great deal more than it exports to the world. Although in nominal terms the country seems to be exporting more over time, this is actually a result of fluctuations in foreign exchange rates, not so much an increase in real value of exports.



Source: Statistics Unit, Ministry of Industry and Trade, Malawi, 2015

In 2013, six countries accounted for half of Malawi's exports (nominal value) to the whole world as follows: Canada (16 percent); Belgium and South Africa (8 percent) each and China, United Kingdom and the United States of America (6 percent) each. In the same year five countries accounted for 53 percent of Malawi's imports (nominal value) from the whole world as follows: South Africa (22 percent); Mozambique (12 percent); India (8 percent); United Arab Emirates (8 percent); and Zambia (8 percent).

Figure PSD2.3 shows a negative trade balance between Malawi and the EU, despite a nominal increase in the value of exports between 2010 and 2013.

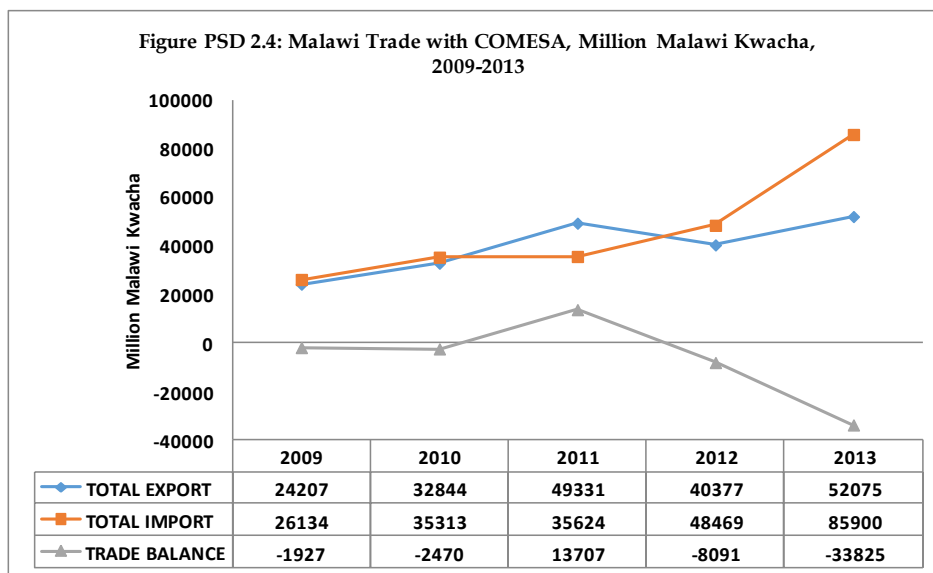


Source: Statistics Unit, Ministry of Industry and Trade, Malawi, 2015

In 2013, five EU countries accounted for 81 percent of Malawi's exports (nominal value) to the EU as follows: Belgium 26 percent; United Kingdom (19 percent); and Germany, Netherlands and Portugal with 12 percent each. In the same year six EU countries accounted for 85 percent of Malawi's imports (nominal value) from the EU as follows: Germany (24 percent); Netherlands (20 percent); United Kingdom (18 percent); Portugal (9 percent); and Italy and Denmark (7 percent) each.

Malawi is a member of two regional economic groupings, COMESA and SADC. SADC is currently an FTA, but also has the intent to establish a customs union like COMESA. Malawi also participates in the newly established Tri-Partite Agreement between COMESA, SADC and the EAC to establish a free trade area between these regions.

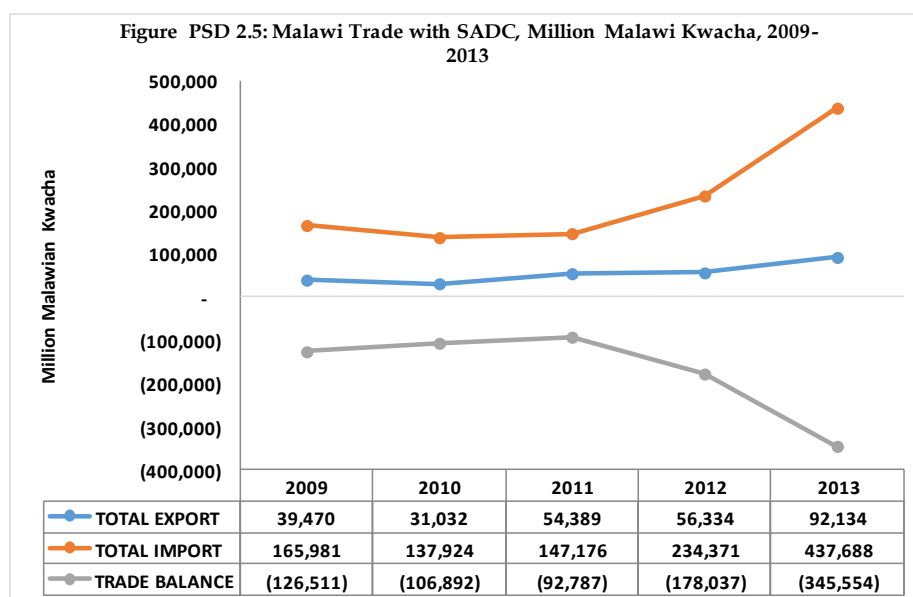
Figure PSD 2.4 shows that Malawian trade in COMESA, though it started off marginally on balanced footing, at the commencement of MGDS II, has since taken a negative turn between 2011 – 2013.



Source: Statistics Unit, Ministry of Industry and Trade, Malawi, 2015

In 2013, three COMESA countries accounted for 83 percent of Malawi's exports (nominal value) to the COMESA as follows: Zimbabwe 33 percent; Zambia (27 percent); and Kenya 23 percent. The same three countries accounted for 88 percent of Malawi's imports (nominal value) from the COMESA as follows: Zambia (55 percent); Kenya (17 percent); and Zimbabwe (16 percent).

Figure PSD 2.5 shows a negative trade balance for Malawi in the SADC, which rose from MK106,892 million in 2010, to MK345,554 million in 2013.



Source: Statistics Unit, Ministry of Industry and Trade, Malawi, 2015

In 2013, five SADC countries accounted for 94 percent of Malawi's exports (nominal value) to the SADC sub-region as follows: South Africa 36 percent; Zimbabwe (19 percent); Zambia (16 percent); Mozambique (12 percent); and Tanzania (11 percent). More than half (51 percent) of Malawi's imports (nominal value) from the SADC sub-region were from South Africa in 2013; followed by Mozambique (29 percent); and Zambia (11 percent). These three countries accounted for 91 percent of Malawi's imports (nominal value) from the SADC sub-region.

Manufacturing

The share of manufacturing value added has fallen from 8.2 to 7.5 percent of GDP between 2006 and 2010; further cuts have been experienced between 2011 – 2015. Imports of manufactured goods have risen rapidly over the past five years, but the share of manufactured exports in total exports has been declining. The decline in manufacturing export performance is largely due to lack of export competitiveness, with the intensification of global competition. The share of domestic manufacturing production in meeting the domestic demand for manufactures was 39 percent in 2010 and was expected to fall even more by the end of 2015 (MoIT, 2015).

Policy environment

In the past, the Government of Malawi has established a number of statutory and other institutions to provide support and facilitate private sector development. Some of the measures to support private sector development include the Malawi Export Promotion Council (MEPC) which recently merged with the Malawi Investment Promotions Agency (MIPA) to form the Malawi Investment Trade Centre (MITC), the Malawi Bureau of Standards (MBS) and the Malawi Industrial Research and Training Development Centre (MIRTDC). The Small Enterprises Development Institute (SMEDI) is a new organization (formed out of a merger of the Small Enterprise Development Organization of Malawi (SEDOM), Development of Malawian Enterprises Trust (DEMAT), and the Malawi Entrepreneurs Development Institute (MEDI). The merger followed observations of duplication of effort and lack of impact of the existing government financed enterprise support structure. SMEDI is envisaged to play an important role in supporting private sector development, especially targeting MSMEs. The weaknesses in the enterprise support system, where nearly two thirds of small businesses (62 percent) are unaware of institutional support has been acknowledged in recent studies (GoM, 2015).

The GoM, through the Ministry of Industry and Trade has formulated policies and strategies and seeks to implement programmes in several key areas in support of trade, industry and private sector development¹⁷.

¹⁷ It is noted with concern that many of the policies and strategies are in draft form, and for many years have remained so, either awaiting formal Cabinet approval and adoption and or full implementation.

Examples include a draft private sector strategy, a National Investment Policy developed, and a comprehensive National Export Strategy (NES) and an updated micro small and medium enterprises (MSME) policy. The MoIT has for several years been implementing a major programme of regulatory reform reviewing and revising a range of economic laws and simplifying regulatory procedures. A key programme in this area is the Business Environment Strengthening Technical Assistance Project (BESTAP). BESTAP is a major intervention used by the MoIT to carry out regulatory reforms by reviewing and revising a range of economic laws and simplifying regulatory procedures. Although substantial challenges remain, key achievements in this area have been; (a) the simplification of business establishment procedures; (b) the establishment of a commercial court; (b) and facilitation of the registration of property.

Support has been provided to establish and upgrade ventures processing agricultural products in rural districts, facilitating private investment, providing equipment and establishing linkages with markets. The One Village One Product (OVOP) concept is a community-centred and demand-driven regional economic development approach which aims to encourage local communities produce value added goods, using locally available resources at village level to earn income through local sales and exports. The OVOP programme, however, faces key strategic challenges around governance, cooperative development, business development, marketing and product quality, capacity of groups, financing and partnerships and monitoring and evaluation. Challenges with respect to poor links with prospective markets and low technological capabilities overall have been noted.

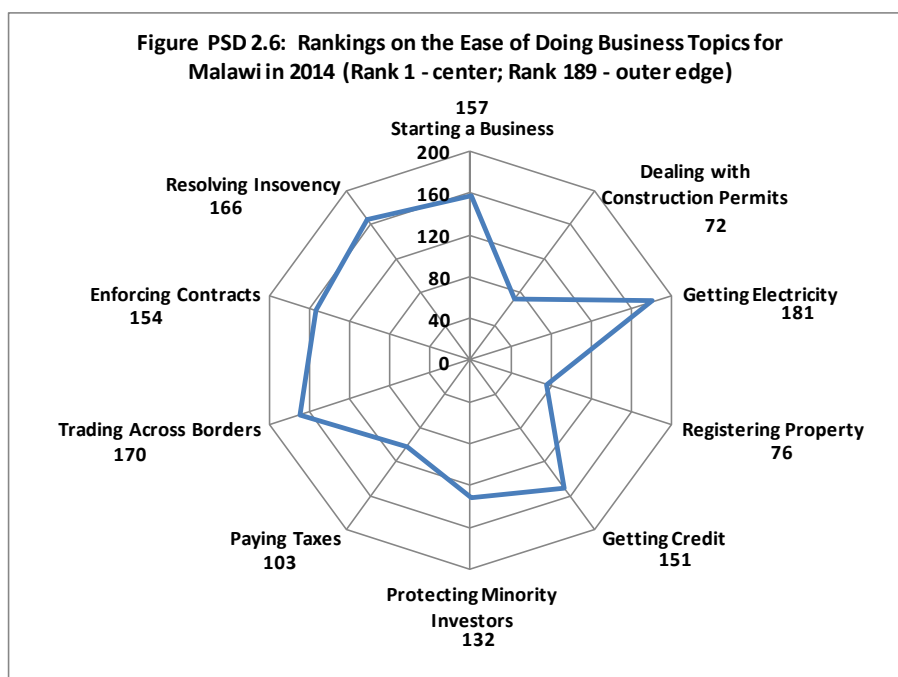
Business Competitiveness in Malawi

The Africa Competitiveness Report 2014/15 ranked the country 136th out of 148 countries surveyed, with extremely low rankings for infrastructure (131st) macroeconomic environment (144th), health and primary education (123rd), higher education and training (132th), technological readiness (135th) and market size 123rd). The International Finance Corporation (IFC)/World Bank Doing Business Report provides an aggregate ranking on the ease of doing business on indicator sets that measure and benchmark regulations applying to domestic small and medium-sized businesses through their life cycle. Economies are ranked 1 to 189 on the ease of doing business. The Doing Business in Malawi 2015 ranked the country at 164th out of 189 economies on the ease of doing business, worsening or remaining unchanged in 7 out of the 10 Doing Business Indicators from the 2014 IFC ranking. The ranking depicts Malawi as having one of the most difficult business environments in the world. A number of key challenges emerged

Implementation of policies and strategies has remained a major challenge facing the GoM, in general not only in this sector but in virtually all the sectors, except in Education and Health, where there has been noticeable progress.

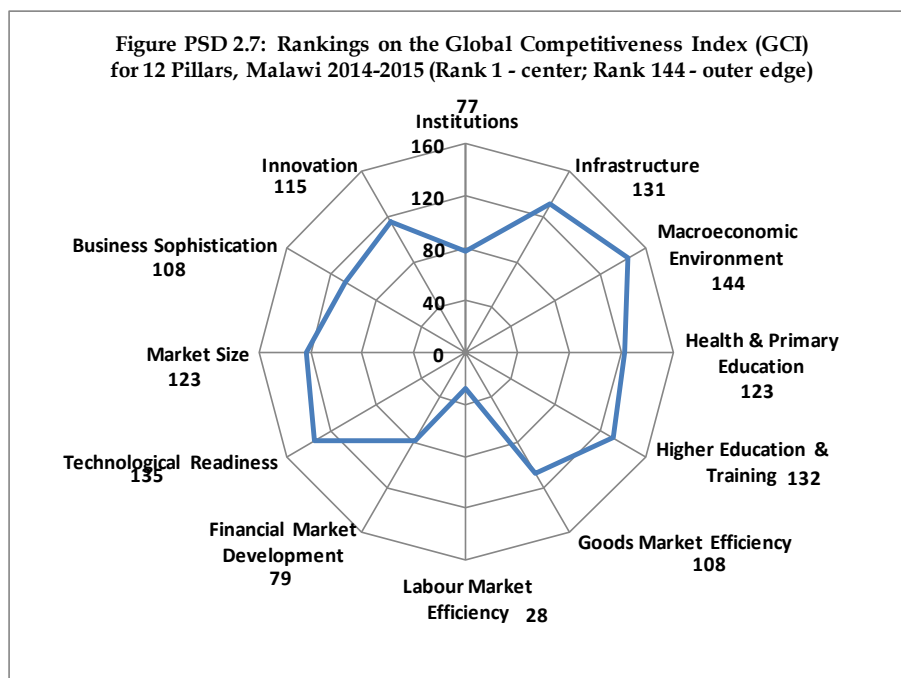
from the 2015 Doing Business survey, including bottlenecks encountered in starting a business (ranked 157th), getting electricity (ranked 181th), getting credit (ranked 151th), trading across borders (ranked 170th), enforcing contracts (ranked 154th) and resolving insolvency (ranked 166th).

Figure PSD 2.6 shows the low rankings for Malawi on the Ease of Doing Business topics. Overall Malawi is ranked 164 out of 189 on the Ease of Doing Business index in 2014.



Source: World Bank, 2015

In the 2014/15 Global Competitiveness Index (GCI, Malawi is ranked 136 out of the 148 countries surveyed. Figure PSD 2.7 shows the rankings.



Source: World Bank, 2015

Table PSD 2.1 shows key constraints and recommended actions in Malawian private sector development, industry and trade.

Table PSD 2. 1: Constraints/Challenges and Recommendations for Private Sector Development, Industry and Trade in Malawi	
Constraint/Challenge	Recommended Action
Policy Level	
i. Weak technological capability	Government: (a) GoM must commit to developing a comprehensive Science and Technology Policy, commit itself to the AU target of 1 percent of GDP, expenditure on R & D overall, minimum 1 percent of GDP, expenditure on Agriculture R & D. (b) Enable development of holistic package of business development services (BDS), which covers a wide variety of providers, incorporating private sector BDS providers.
ii. Unfavorable private sector/doing business environment – lack of competitiveness	Government: Develop and enforce implementation of all key legislation to foster the development of the domestic private sector, including, create more conducive environment for FDI and ensure marked improvement of low scores in Ease of Doing Business Indicators.
iii. Weak process of learning	Government: In collaboration with the private sector, DPs, academia and CSOs invest in the development of an innovative national system of innovation (NSI) and foster the establishment of business development services market with a high transformative agenda – overhauling the country's entrepreneurship culture. The government

	also needs to take advantage of the demographic dividend, taking practical measures (capacity building, entrepreneurship training, financial services provision, marketing capacity building, value chain support, , among others..) to empower the nation's youthful population and women through affirmative action programmes; and support to MSMEs operated by the youth, women and other marginalized groups.
iv. Lack of focus on priority clusters with substantial backward and forward linkages, diversification and productivity improvement potential	GoM/LGAs: (a) Facilitate the development of diversified value chains, prioritized clusters in the National Export Strategy, as part of the LGAs local economic development initiatives; (b) Facilitate the establishment of business incubators and centres of business excellence, targeting priority clusters.

13.5 Mining

Overview

Mining is included in the MGDS II as a sub-theme under the Sustainable Economic Growth Thematic Area, but it is also classified together with private sector development, energy and tourism, as a sub-set of the KPA. The presentation of this area in MGDS differs from the industrial classification where it is presented as “mining and quarrying”. In a country with narrow fiscal space, revenues from the extractive industry can have major macroeconomic implications.

Economic Contribution

Malawi produces cement, coal, rock aggregates, dolomite, limestone, and some artisanal salt for domestic consumption. Apart from industrial mineral production which services local demand and the Kayelekera Uranium Mine, Malawi's mineral sector is still in its infancy stage. However, there is potential for heavy mineral sands, bauxite, phosphate, and uranium and rare earth element deposits. Artisanal and small scale mining activities have grown considerably and are a source of livelihood for many families in rural areas.

The value and relative share of Malawi mining and quarrying output in GDP has grown exponentially with the commissioning of Kayelekera Uranium mine. Between 2009 and 2010, mining and quarrying output grew by 524 percent from MK7 Billion to MK45 billion. By 2014 overall value of mining output was estimated at MK59 billion. In constant price terms, the share of mining in GDP rose from 0.8 percent to 5.3 percent in 2014 and it was even larger in nominal terms (MFEPD, Economic Report, 2015). The Kayerekera Uranium Mine which was commissioned in 2009 has remained the largest mining investment in the country's mining sector. Despite the economic slowdown that the country was undergoing in 2012, production

of uranium concentrates kept increasing. In 2012, the company produced 1,236 tonnes valued at US\$ 136,447,272 equivalent to about MK47.75 billion. Although Malawi has large coal deposits, but it has low mining capacity. Malawi has over 22 million tonnes of proven coal reserves in a number of coal fields across the country. Although coal remains one of the most mined mineral in the country for industrial use, the two leading companies have a combined maximum capacity of up to 10,000 metric tonnes of coal production per month. Due to its capital intensive nature, employment is low relative to value of output. Employment in Quarrying and Mining has averaged about thirteen thousand per annum, mostly dominated by labour-intensive quarrying (averaging 9.5 thousand), followed by employment in mining of agricultural lime (averaging 1600 workers). Among the higher value minerals, employment in uranium peaked at about 2000 during construction in 2007-2009. Subsequent to the decline in demand due to price collapse in radioactive material that followed Fukushima earthquake, employment in uranium mining industry has declined from a peak of 859 in 2011 to below 300 in 2015, see Table M 2.1.

The Department of Mines maintains sex-disaggregated data for mining employment. However, generally large scale mining is highly male dominated. Data from Kayelekera Uranium Mine in September 2014 (when the workforce was reduced during care and maintenance) showed the local women workforce was 22 out of 251 men. About 27 percent of the women were in a higher grade (that is, social and corporate responsibility, environment, processing and employee relations) while the rest performed roles such as exploration, security, cleaners, catering and other site services.

Table M 2.1: Mining Employment by Type of Mineral: Malawi 2011-2014

Mineral	2011	2012	2013	2014	2015
Uranium	859	740	703	300	288
Coal	907	671	637	606	706
Agricultural Lime	1640	1765	1677	1593	1781
Quarry Aggregate	12030	9024	8573	8144	9016
Cement	511	112	106	101	145
Gemstones	1260	130	124	117	201
Ornamental Stones	46	32	30	29	33
Terrazzo	1340	57	57	54	67
Other Industrial Minerals	2144	930	884	839	723
Exploration Activities		186	177	168	171
Total	20,827	13,647	12,968	11,951	13,131

Source, MFEPD, Economic Reports (various)

There is a large artisanal and small-scale mining sector. Updated and accurate data is yet to be obtained on the exact size, but it is estimated that

small scale operators exceed 22,000. Getting the actual number is difficult since most artisanal and small scale miners operate in remote areas and are unregulated (MFEPD, 2015). While women generally dominate the sector, they remain poor and their participation in the more lucrative gemstone mining is very limited.

The fiscal regime in mining consists of royalty regime (under the Mines and Minerals Act of 1981) and several provisions under the tax legislation. Royalty is normally paid on gross value and varies with the degree of beneficiation. Uncut or unprocessed minerals attract higher royalty than polished, cut or processed minerals. The highest royalty of 10 percent is levied on rough uncut precious and semiprecious stone, followed by 7 percent charged on unmanufactured building and industrial minerals. In general, all other minerals including radioactive minerals and precious metals attract 5 percent. There is no distinction between the royalty that is paid by large scale and small scale mining operators. The latter perceive this as a limitation to their growth. Although the law specifies the royalty and taxes payable, the general fiscal regime in mining is still negotiable, leading to delays in finalizing mining development agreements. The law is even silent on some elements including state equity participation and thin capitalization (see Table M 2.2).

Table M 2.2: Fiscal Regime in Mining in Malawi

Imposition or allowance	General Regime
State equity participation	Not specified
Royalty	5 percent (on gross value minus transport costs) or as set in a mining license
Corporate income tax	30 percent
Capital allowances	100 percent for mining expenditure, annual allowances for other plant and equipment
Carry forward of losses	Indefinite
Thin capitalization rule	None (but MRA disallows interest above 3:1 debt/equity ratio)
Resource rent tax	10 percent, after 20 percent rate of return
Source: Mines and Mineral Act; IMF, 2011	

Policy Environment

Malawi has moved in reviewing policy and legal framework for solid minerals. In 2012, cabinet approved a new Mines and Minerals Policy which has since been launched. Processes of finalizing a draft Mines and Minerals Bill and draft Artisanal and Small Scale Mining Policy were completed by August 2015. These frameworks are an opportunity for strengthening the role of artisanal and small scale mining in the economy, local job creation, and meaningful participation of women in mining both as employees and entrepreneurs. While some improvements are needed, it

should be acknowledged that so far, the two frameworks are relatively gender responsive.

Malawi has also submitted a request for technical assistance to the British Government for the development of the full mining code. With technical support from the Commonwealth Secretariat, a draft Petroleum Sharing Agreement setting the framework for sharing of the oil/ gas between oil companies and Government is under formulation. In October 2015, Malawi announced that it had subscribed to the Extractive Industries Transparency Initiative (EITI), a global standard that promotes the transparency of government revenue from the extractive industries. A multi-stakeholder group/steering committee constituted by the government, companies and civil society has been appointed.

Increased Exploration and Mining

In the area of solid minerals, although a number of promising prospects exist, since 2009 there has not been any major mine development agreement. Ongoing and promising efforts include exploration for uranium by Paladin (Africa) Limited in areas adjacent to their current mining area to identify more reserves; a bankable feasibility study by Globe Metals and Mining over Kanyika Niobium deposit in Mzimba District; Mkango Mining Company and Resource Star exploration for Rare Earth Minerals in Phalombe District; the Japan Oil, Gas and Metal National Corporation (JOGMEG) of Japan in partnership with Spring Stone and Gold Canyon of Canada exploration for bauxite and rare earth minerals at Mulanje Mountain; and Lynas Corporation re-evaluation of the Kangankunde Rare Earth Prospect in Balaka district; and McCourt Mining Pty Limited exploration for graphite in the Lilongwe-Dowa area under a reconnaissance license. Some of these projects have met resistance from human rights organizations due to concerns over weak community consultations, hardships that communities are encountering as a result of delayed resettlement (for example, in Kanyika).

In Oil and gas exploration, due to Malawi's lack of technical capacity, sectoral governance and management, especially issuance of exploration licenses for liquid minerals, has been fraught with inconsistencies and reversals. Within the past four years, Malawi issued exploration licenses for all six blocks of oil and gas. Lack of a prototype production sharing agreement, and recent suspension of all exploration licenses and subjecting them to review, while sensible and nationalistic, runs the risk of adding uncertainty to the mining governance regime and raises political risk and may affect the future cost of raising funds for mining ventures in Malawi.

Updating Geological Information

Mining in Malawi had been hampered by lack of up to date geological information. Malawi has long relied on outdated geological information mostly based on a regional geochemical drainage reconnaissance survey

conducted prior to 1973 and updated in mid-1980s. With low funding for geological surveys, several anomalies considered worthy of follow-up have yielded little by way of confirmed commercial mining. Malawi recently launched results from a countrywide airborne geophysical survey conducted by Sanders Geophysics Limited (SGL) which are very promising although subject to ground truthing.

Participation of Small Scale Miners Versus Medium Scale and Large Scale Miners

Small-scale and artisanal mining operators dominate licenses. In 2014 Malawi issued 265 licenses, the majority of which were small-scale mining operators' non-exclusive prospecting licenses (78), mining claims (78) and reserve mineral licenses (48) all for gemstones and ornamental stones. Only 11 mining licenses issued to large-medium scale operators and these were dominated by quarry aggregates, heavy mineral sands and rare earths. Currently, the growth of small scale miners, especially women, is limited by lack of friendly credit facilities, limited access to good markets, lack of a regulated pricing regime, high royalty, short licence tenure, and low use of production machinery and other technology for value addition.

Selected constraints and recommendations for the mining sector are presented in Table 2.3

Table M 2.3 Constraints/Challenges and Recommendations for Mining in Malawi	
Constraints/Challenges	Recommendations
Policy Level	
i. Weak Geological information base.	Government a) In collaboration with donor partners invest in ground truthing to confirm and augment outcomes from airborne geophysical survey and producing detailed geological map of Malawi. b) Invest in an up to date laboratories. c) Developing an integrated geo-data management system.
ii. Weak Capacity in modelling and negotiating mine development Agreements.	Government: a) Create a mining investment and development corporation to incubate specialized expertise. b) Under technical assistance develop a model Mining Development Agreement and Production Sharing Agreement to be customized as the situation demands. c) Review the law, tax code and mining code to make fiscal regimes in mining non-negotiable and binding. d) Establish a transparent framework for managing mineral rights.
iii. Weak Governance and contract enforcement	Government: a) Capacitate the full time office of Commissioner for Mining (for both solid and liquid minerals). b) Create legal office or have specialized legal expertise in mining contracts within the ministry of mining. c) Build specialized capacity in responsible mining

	governance that promotes all aspects of the Africa Mining Vision
iv. Slow development of a comprehensive mining legal framework and insufficient institutional mechanisms to support the implementation of gender and human rights commitments of the Africa Mining Vision	Government: <ul style="list-style-type: none"> a) Speedy up the strengthening of mining related laws such as laws on workman compensation, occupational health and safety, environmental management, land acquisition, resettlement and compensation, oil and gas, among others b) Build multi-sectoral capacity to develop and implement mining legal and policy frameworks. c) Create an institutional mechanism for monitoring and supporting social and gender inclusion in all aspects of mining.
1. Weak legal and institutional mechanisms to facilitate meaningful growth of artisanal and small scale mining sub-sector	Government: <ul style="list-style-type: none"> a) Develop legal frameworks that fully support the growth and development of artisanal and small scale mining sub-sector and women in mining as intended by the Mines and Minerals Policy (2013) and the Artisanal and Small Scale Mining Policy (Draft, 2015). b) Strengthen institutional structures for supporting the full implementation of the Artisanal and Small Scale Mining Policy (once passed). c) Create formal marketing mechanisms for artisanal and small scale miners.

13.6 Travel and Tourism

Overview

Travel and tourism (T&T can be defined as “the activities of persons travelling to and staying outside their usual environment for not more than one consecutive year for leisure, business and other purposes not remunerated from within the place visited”. (WTTC, 2014). T&T is widely regarded as a means of achieving development for an economy in general and T&T destination areas in particular. It is a valuable source of foreign currency earnings; it creates earnings which influence the development of an economy; it creates earnings through the exploitation of “free” natural and cultural attractions of the host area and generates employment opportunities, new investment, and new sources of income and government revenue. For many destinations, T&T is a major source of income and employment for the local communities. T&T also plays a key role in conserving and improving natural and cultural assets of a country, many of which are degraded or face the constant threat of degradation.

Economic growth leads to better T&T facilities while T&T itself leads to growth. When tourists visit, they need accommodation, transport, food and other facilities (night clubs, casinos, recreation clubs such as golf, diving, , among others.) for which they pay and spend money. If the accommodation, transport infrastructure and food are attractive and the

social atmosphere is peaceful, more and more tourists will be attracted to visit the country and pay for T&T services, thereby creating demand for T&T facilities and infrastructure.

Tourism Resources in Malawi - Opportunities

The tourism sector in Malawi represents a potentially high growth export service sector, which is capable of making a substantial contribution to the socio-economic development of the country. The sector has the potential to create more employment as it is labour-intensive, raise foreign exchange earnings and an important source of revenue for the government through tax and non-tax revenues.

The travel and tourism (T&T) sector in Malawi is still in its infancy, but it offers great potential for the development of the country as a source of GDP growth, foreign exchange earnings, and employment. It could also assist in the development of the rural areas by distributing wealth from the major urban centres to rural areas. Malawi possesses a number of T&T related resources and these remain largely undeveloped. They include lakes, mountains, forests, wildlife, access to major tourist destinations, culture, and quality and standards of hospitality units. Lake Malawi is an outstanding tourist feature which offers considerable scenic appeal and the possibility of water-based activities. Examples of other outstanding tourist attractions include the national parks (Nyika, Kasungu, Lake Malawi, Liwonde and Lengwe) and Wildlife Reserves (Nkhotakota, Majete, Mwabvi and Vwaza Marsh); mountains, plateaus and to a lesser extent the conference facilities that have recently been developed at lake resorts and urban centres. Other attractions such as historical and heritage sites have remained under-developed.

Status and Trends

Malawi sits amid a vibrant tourism region that is growing rapidly and increasing its market share. Malawi tourism has been growing at an average rate of 12 percent from 1994 to 2010. The Malawian T & T accounts for approximately 3.5 percent contribution to exports (WTTC), compared to the Southern African region (6.6 percent). The African region has grown to be an important source market of international tourists to Malawi followed by Europe and the United States of America (USA).

In 2012, the country received 770,341 international visitors (estimated to have increased to 800,000 in 2013) who contributed MK59.6 billion in visitor exports (16 percent of total exports) (GoM, 2013). Tourism is therefore one of the country's export growth potential sector that is likely to make a substantial contribution to the socio-economic development of the country.

In 2013 the T&T sector in Malawi directly contributed MWK64,774.4 million (equivalent to 4.5 percent of total GDP), and is forecast to rise by 4.4 percent per annum, from 2014, to MWK103,028.0 million (equivalent to 3.4

percent of total GDP) in 2024 (WTTC, 2014). The total contribution of T&T to GDP was MWK127, 833.0 million (8.9 percent of GDP) in 2013, and is forecast to rise by 4.5 percent per annum to MWK205, 952.0 million (6.8 percent of GDP) in 2024, representing a drop of 2.1 percent in the share of T&T in total GDP. Domestic T&T spending generated 75.4 percent of direct T&T GDP in 2013 compared with 24.6 percent for visitor exports (i.e. international T&T receipts). The breakdown of T&T to total contribution to GDP in 2013 is as follows: direct 50.7 percent; indirect 33.6 percent; and induced 15.7 percent (ibid).

In 2013 T&T directly supported 135,500 jobs (3.8 percent of total employment). This is expected to rise by 0.5 percent per annum to 143,000 jobs (2.9 percent of total employment) in 2024. The total contribution of T&T to employment (including indirect and induced jobs by T&T) is estimated at 275,500 (7.6 percent of total employment) jobs in 2013 and is forecast to grow by 0.6 percent per annum to 294,000 jobs in 2024 (5.9 percent of total), representing a drop of 1.7 percent in the share of total employment.

T&T investment in 2013 was MWK6,840.1 million, (or equivalent of 2.6 percent of total investment). It is forecast to rise by 7.3 percent per annum over the next ten years to MWK14,633.3 million (2.6 percent of total) in 2024. Beyond the economic impacts of T&T discussed above, T&T has had other impacts on lives and welfare of communities in tourist areas in Malawi. The notable positive inclusive growth impacts of T&T is the improved facility maintenance. Tourism in Malawi has promoted the development and better maintenance of public facilities, particularly roads (for example, access roads to Salima and Mangochi lake districts), and wildlife parks and reserves (for example, Liwonde, Nyika, Lengwe, Nkhotakota, Majete, Mwabvi and Vwaza Marsh). The improvements in access roads to tourist areas have in general, led to improved opportunities for local businesses as well as increased level of urban development along the shores of lake districts.

The World Bank (2010) Malawi T&T sector study reported on a range of pro-poor impacts. All lakeshore tourism and national park operators reported on recruiting most of the unskilled workers from the communities in which they were located. Operators also highlighted opportunities for local businesses, including fishing and farming households which supply produce. Some of the operators reported supporting infrastructure for communal benefit (water, roads, clinics, and schools).

With predicted global growth rates of over 4 percent annually for the next 10 years (WTTC) the T&T sector will continue to offer opportunities for income and employment generation as well as exports and investment in new infrastructure and human resource support to facilitate sustainable tourism development. At the national level, the Malawi Government can

take advantage of the forecast growth in T&T by creating conducive climate for attracting T&T investors as well as investing in support infrastructure, such as hotels, airports, roads, lake ports, museums, heritage and cultural sites.

Constraints/challenges and recommendations in Travel and Tourism are presented in Table TT 2.1.

Table TT 2.1: Constraints/Challenges and Recommendations for Travel and Tourism in Malawi	
Constraints/Challenges	Recommendations
Policy level	
i. Law enforcement – Department of Parks and Wildlife heavily underfunded, with game rangers going for several months without salaries – no motivation and incentives for people who are supposed to enforce the law – resulting in weak law enforcement.	Develop, update and enforce laws, including on natural resources management, wild life management support, investment.
ii. Weak Tourism Regulatory Framework; lack of comprehensive tourism legislation: Weak sectoral laws and policies to regulate the industry; no planning controls to regulate tourism development, zoning, , among others., leading to haphazard development.	Develop an update regulatory framework, enforce its implementation.
iii. Fluctuating, inconsistent and uncompetitive investment incentives that discourages local and foreign direct investments into the sector.	Develop consistent and supportive investment incentives for both local and foreign direct investment.
iv. Undeveloped cultural assets, for example, heritage sites, monuments, religious shrines, festivals/events, arts and crafts, rock paintings. Many projects have been in the PSIP pending basket for years, with no progress.	Prioritize investment in preserving national cultural heritage, diverse and rich culture.
v. Substandard structures and incompatible land use on prime land for tourism development.	Business public private partnerships, and mobilize support of local government and traditional authorities, district councils.
vi. Inadequate supporting infrastructure and services: These include roads, accommodation, entertainment (purpose-built cultural infrastructure) staff houses in protected areas, energy, water, waste management	Developing support infrastructure (electricity, water and transport); prioritize investment in transport infrastructure, roads, electricity, energy, water and airports.

	infrastructure, airports, airstrips, recreational spaces (including sports facilities), Information, Communication and Technology (ICT) - entry point passport)processing systems, telecommunication and internet. These also include tertiary tourist facilities, such as, health and emergency services.	
vii.	Environmental degradation of areas with outstanding natural beauty.	Implement national environmental management policy and strategy, action plan.
Sector Level		
viii.	Underdeveloped product: High levels of poaching of wildlife in 'protected areas', with massive depletion of game.	Mobilize financial and human resources, and domestic and foreign partnerships to develop the product.
ix. x.	Weak co-ordination and information flow amongst stakeholders; and Lack of zoning of land for multi-sector use and unavailability of ready land for tourism development.	Ensure effective and functional sector working group, and well resourced technical committees.
xi.	Inconsistent and conflicting investment guidelines.	Develop and implement clear guidelines.
xii.	Accessibility: Lack of direct long-haul direct flights; poor regional and domestic air connectivity.	Invest in capacity building and rehabilitation of air-transport system.
xiii.	Health risks associated with the existence of bilharzia, tsetse fly and mosquitoes in some of Malawi's tourist areas and lack of adequate and quality health services to cater for tourists.	Prioritize health management and investment and development in areas with high tourism potential to attract both and local and foreign tourists.

13.7 Transport Infrastructure

Overview

The MGDS II identifies Infrastructure Development as a thematic area with Transport Infrastructure and Nsanje World Inland Port as one of nine key priority areas. An efficient transportation system is stated as one of the drivers of economic growth and development for the country. Such a system ought to provide better connectivity to local, regional and international markets, reduce cost of production and marketing of goods and services through, among other things, reduction in lead times. Investment in the transport sector involves the development of infrastructure and provision of services in all modes of transport, namely road, rail, air and water. Furthermore, the provision of high quality and affordable transport infrastructure improves access to social services such as education, health, markets and communication facilities (GoM, 2012).

Being a landlocked country, Malawian transport infrastructure and services are recognized as key drivers of economic growth and poverty reduction in Malawi. Therefore, the sector's policies, strategies, effectiveness and efficiency significantly impacts other socio economic sector activities and outcomes.

Malawi is served by four transport modes namely road, rail, lake and air transport which consists of a road network with an estimated distance of 15,451 km; following the completion of the construction of a new railway line from Nkaya to Kachaso in 2014, the total length of the rail track is now 933 km.; 4 (major) ports on Lake Malawi; and 4 airports with paved runways (two major international airports in Lilongwe and Blantyre) including 27 airstrips.

Malawi's international economic markets are currently accessed through the four key ports of Durban in Republic of South Africa (road), Beira (road) and Nacala (rail) in Mozambique and Dar es Salaam in Tanzania (road/rail). The respective volumes of freight traffic using these corridors are: Durban (which handles 33 percent of Malawi's cargo by tonnage), Beira (41 percent) Nacala (18 percent) and Dar es Salaam (8 percent). The Durban corridor is the most reliable of the four routes, despite the fact that it is the longest and most expensive of the four. This is because it has adequate infrastructure facilities, good storage facilities, frequent ship calls and efficient documentation handling as a result it carries 51 percent of Malawi's international cargo by value. The Nacala route, on the other hand has a poor rating due to perennial flooding and poor infrastructure at the port making it the most unreliable route.

Status and Trends/Contribution to GDP

The contribution of the transport and storage to GDP is as in table TI 2.1

Table TI 2.1: Contribution of Transport & Storage to GDP under MGDS II			
Year	GDP	Transport	Percentage
2011	1,069,543.00	24,614.00	2.3%
2012	1,091,543.00	28,222.00	2.6%
2013	1,159,845.00	29,591.00	2.6%
2014	1,229,714.00	31,168.00	2.5%
2015	1,296,312.00	34,938.00	2.7%

Source: MFEPSD, Economic Reports, various years

The contribution of rail transport sub-sector to GDP is expected to have improved markedly following the completion of the construction of the new railway line from Nkaya to Kachaso in 2014. The state of Malawi's national transport infrastructure is characterized by inadequate road networks, unexploited and inadequate access to ports, inadequate air links, and inadequate freight and rail capacity. Transport costs in Malawi are among the highest within the SADC region. This compromises the competitive edge for Malawian products on the international market and increases the costs of imports. The transport system is characterized by limited competition among all the modes mainly due to underfunding of non-road modes.

Road Transport

Road transport remains the major mode of transport in Malawi handling more than 70 percent of the internal freight traffic and 99 percent of passenger traffic. The general condition of the road network has improved slightly during the past 5 years but recent falls in expenditure on routine and preventative maintenance are putting the network condition at risk. In addition to concerns over the condition of the road network, road safety poses a major concern. This has been due to the increase and rapid expansion of motorisation which has not been matched by corresponding improvements in regulations and standards of infrastructure. Furthermore, there is still a lack of provision, and maintenance of facilities, for the high proportion of non-motorised transport using both urban and rural roads. As a result, Malawi's road accident statistics are amongst the highest in the world with the majority of fatal accidents involving cyclists and pedestrians. The poor safety record is a result of weak licensing control (of both vehicles and drivers), poor standards of vehicle inspection and maintenance, and failure to understand the needs for non-motorised traffic. Driver behaviour (for example speeding and drink-driving) through poor levels of driver training is a further major contributory factor to the poor safety record.

Public Road Network Composition

The public road network coverage remained at 15,451 km of which about 28 percent are paved and the rest (72 percent) being unpaved and mostly of

earth standard. Table TI 2.2 presents the public road network composition as at the end of the 2012/13 fiscal year.

Table TI 2.2: Public Road Network Composition, a Comparison between Paved and Unpaved Roads and by Road Classification, Malawi 2012/13

Type	Paved		Unpaved		Total Network	
Classification	Km	Percentage Share	Km	Percentage Share	KM	Percentage Share
Main	2,976	69	381	3	3,357	22
Secondary	513	12	2,612	23	3,125	20
Tertiary	44	1	4,0777	37	3,500	23
District	8	0.2	3,492	31	3,500	23
Urban	771	18	577	5	1,348	9
Total	4,312	100	11,139	100	15,451	100
Designated Share (Percentage)	28		72		100	

Source: Roads Authority, as at June 2013

Periodic Maintenance

Table TI 2.3 shows poor performance, mainly due to lack of funding from both Government and development partners.

Table TI 2.3: Periodic Maintenance of Paved Roads - Planned vs Achieved, Malawi 2008/09 - 2014/15

Fiscal Year	2008/09	2009/10	2010/11	2011/12	2012/13	2014/15
Planned (Km)	126	102	209	277	56	-
Achieved (Km)	67	110	67	52	5	-
Percentage Achieved	53	108	32	19	8.9	-

Source: Roads Authority Annual Reports (FY2007/08 to FY2012/13)

Table TI 2.4 presents the rehabilitation of paved roads, planned versus achievement, for the period 2008/09 - 2014/15.

Table TI 2.4: Rehabilitation of Paved Roads - Planned vs Achievement, Malawi 2008/09 – 2014/15						
Fiscal Year	2008/09	2009/10	2010/11	2011/12	2012/13	2014/15
Planned (Km)	75	186	231	259	34	-
Achieved (Km)	67	65	124	2	43	-
Percentage Achieved	89	35	54	0	126.5	-
Source: RA Annual Reports (FY2007/08 to FY2012/13)						

Table TI 2.5 presents road network infrastructure constraints/challenges and recommendations.

Table TI 2.5: Constraints/Challenges and Recommendations for Road Network Infrastructure in Malawi	
Constraints/Challenges	Recommendations
i. Inadequate policy, legislative and regulatory environment: In the absence of adequate measures to implement decentralization policy, less than desirable funding to District Councils, both rural and urban (well below 10 percent of target during the MGDS II period), key public sector projects such as roads infrastructure have been negatively affected; local government enhancement laws, public roads (amendment laws), public financial management laws, , among others.	Develop, fast-track and adopt all key policies legislation and regulatory measures to support the sector; build capacity in the Ministry of Justice and Constitutional Affairs, in legislative drafting capacity building. Sequencing essential to identify prime drivers for change agenda.
ii. Low pace of Public Sector Reforms (inability to treat the public sector in business-like manner); absence of sound public financial management systems focusing on growth sectors in strategic manner,	Increase the pace of Public Sector Reforms through <u>new extraordinary measures</u> designed to adopt more business-like approach.
iii. Supply side bottlenecks: Lack of competitiveness in the sector, low technological capabilities, skilled and semi skilled manpower (for example, engineers and technicians for design, supervision), organizational and management, resources inputs, materials, equipment, tools; poor service provision, electricity, water,	Eliminate all supply side bottlenecks by opening space for new private sector players, including MSMEs, new measures to foster public and private sector joint ventures and cooperation, create environment to boost more investment by the private sector through approaches that are transparent and do not continue to cushion a small number of providers at expense of players.

	telephone, internet, delayed payment by government resulting in suspension or delay of key projects.	
iv.	Sector/sub-sector not really prioritized: The ‘prioritization’ of the sector as KPA in MGDS II is that, in reality the thin spread of resources across ‘all things for everyone’, makes such prioritization illusory rather than reality because of low public funding to areas of critical importance to the public.	Clear prioritization and focus on key growth sectors, affecting majority of population, enabling and complementary sectors; ensuring sequencing of investment of limited public resources
v.	Depressed economic performance, has in part led to a ‘limited public financial resources pot’ throughout the MGDS II period, hence also limited funds for all sectors	Adopt measures that will enable the economy to grow at faster pace; part of this is to identify how sector is linked to other sectors, for example, industry and trade, markets, agriculture, tourism, , among others.
vi.	Damage to infrastructure caused by overloading, natural disasters and vandalism;	PPPs developed to manage and tackle security challenges of infrastructure

Air Transport

This is a ‘focus area’ in MGDS II but not accorded KPA status, as is the case with road and rail transport. The implication of this categorisation is that air transport fell by the wayside in the list of areas classified as key priority areas. However, the MGDS II Review Team considers air transport to be central to the socio-economic development of Malawi; for example, it has strong linkages with the tourism sector, amongst other sectors, hence the need to prioritize this area in the future national development strategy.

Status and Trends

The aviation infrastructure consists of two international airports at Lilongwe and Blantyre, and four domestic airports with paved runways at Likoma, Karonga, Mzuzu, and Club Makokola in Mangochi. International air services are provided by Kenyan, Ethiopian and South African national airlines to both Kamuzu International Airport (KIA) and Chileka International Airport. The national carrier, Air Malawi, was liquidated in 2013 and a new company Malawian Airlines has been formed with Ethiopian Airlines as a strategic partner in the new arrangement. The new airline is expected to expand on the network that was serviced by Air Malawi and improve Malawi’s connectivity regionally and internationally. It should be noted that domestic services are provided by small private companies, largely in support of international tourism.

Malawi’s civil aviation sector has experienced virtually no growth since 1990. Most of the aeronautical infrastructure and equipment as it is today

dates back to more than 25 years and therefore is not appropriate to present day demands. Although recent support in provision of some new equipment has been received from Japan, most of the existing equipment has outlived its useful lifespan, rendering it unreliable for use and costly to maintain. A declining trend for passenger traffic has been observed over the years and it is anticipated that this may continue for some time in the future. In the international passenger market the fall in passenger figures is partly attributable to lack of competition on most of the international routes serving Malawi. This reflects the prevailing bilateral air service agreements (BASAs) which have prevented activities such as the granting of fifth freedom rights, increased capacity and other manifestations of competition. The result has been air fares that are probably higher than they would otherwise have been and relative stagnation of demand.

Progress in implementation of prioritised sub-projects during the MGS II period

Table TI 2.6 shows progress in implementation of some of the major projects planned in this sector and demonstrates the opportunities as well as the challenges confronting the sub-sector.

Table TI 2.6: Progress in Implementation of Prioritised Air Transport Sub-Projects, Malawi 2012/13 and 2014/15				
Project	Source of Funds	Progress 2012/13, Percentage	Completion Date	2014/15, Percentage
Improvement and Modernisation of Airport Fire and Rescue Services	GOM	0	Jun 2014	
Chileka Airport terminal building rehabilitation (extension)	GOM	89	Sep 2013	
Geodetic System upgrade	GOM	0	Jun 2013	
Acquisition of air navigation equipment	GOM	60	Dec 2017	
Rehabilitation of School of Aviation	GOM	0	Jun 2013	
Upgrading of Aerodromes	GOM		Feb 2017	
Improvement of Safety Oversight Regulatory capacity	GOM, EU	68	Dec 2016	
Rehabilitation of Chileka Airport runway and Construction of new passenger terminal and operations building.	PPP	5	Mar 2016	
Capacity Building for Air Navigation Services	JICA	5	Jun 2017	
Installation of Solar Power at KIA	JICA	100	Jul 2013	
Development of Civil Aviation Master Plan.	GOM	0	Dec 2014	
Passenger handling and facilitation	GOM, ADL	50	Dec 2014	
Source: Joint Sector Review Report, 2013/14				

Table TI 2.7 presents constraints/challenges and recommendations for the Air Transport sub-sector.

Table TI 2.7: Constraints/Challenges and Recommendations for Air Transport in Malawi		
	Constraints/Challenges	Recommendations
i.	Outdated systems, equipment and overall low technological capability, which comprise safety of aircraft and passengers	More emphasis on efficiency and improved quality of service through commercialization thrust.
ii.	Lack of human resources resultant upon inability to implement staff development programmes and lack of timeous staff recruitment, resulting in high vacancy rate	Expedite drafting and finalization and adoption of the Civil Aviation Bilt;; establish autonomous Civil Aviation Authority (CAA). An autonomous CAA will result in improved efficiency, shifting from traditional civil service practice to a commercial and business like culture
iii.	Underfunding of key capital projects and support to ORT	Review and change financing approach to civil aviation; prioritise and sequence funding of capital projects.
iv.	Power outage, slow internet connectivity	Business Public and Private Partnerships in developing fibre optic infrastructure nationwide, and ensuring adequate investment in the ICT sector as a whole.
v.	Deteriorating security resulting in increased vandalism of aeronautical equipment	Government expedite commercialisation of the CAA, to inculcate business due diligence in the sub-sector

Water Transport

Malawi's inland water transport system comprises Lake Malawi, Lake Chirwa and the Shire-Zambezi inland water corridor. Lake Malawi has 4 ports as designated under the Inland Waters Shipping Act and some landing points along the shores. The country's water transport system is not fully developed and faces a number of challenges including dilapidated port infrastructure, and capacity problems. Shipping services have been concessioned to the Malawi Shipping Company which is managing and operating ships owned by Government. The Malawi Shipping Company is the major operator providing freight and passenger transport services on the lake.

Table TI 2.8 gives and summary of key constraints, challenges and recommended actions for the In-land Water Transport sub- sector.

Table TI 2.8: Constraints/ Challenges and Recommendations for In-land Water Transport in Malawi

Constraints/ Challenges	Recommendations
i. Lack of competitiveness marked with low investment and underdevelopment, (resulting for example in poor condition of the Lake Malawi water transport infrastructure and facilities).	Revamp this sub-sector, make sector more competitive, dynamic by enabling more participation by private sector players; link and align sub-sector to other sectors, such as tourism and fishing in the context of SWAps.
ii. Inefficiency in service delivery of in-land ports and services in general.	Improve efficiency through a private sector focused approach, linking sector to economic development in more dynamic manner, If private sector is assured of return to investment, capital investment will flow.
iii. Outdated legislation, out of touch with reality.	Expedite legislation that is transformative to exploitation of potential in the sector, for example, Malawi Ports Authority Bill and others.
iv. Lack of enforcement of laws.	Enforce legislation and controls in managing the lakes and vehicles that ply them, more patrol boats, resourced and motivated manpower. Ensure only registered and law-abiding operations are allowed on Malawian lakes.

Rail Transport

The railway network in Malawi consists of 797 km of mainline single cape gauge. Of this network, 101km between Nkaya and Nayuchi is being upgraded by the private sector as part of the route from the coal mines at Moatize in Mozambique to Nacala on the coast. The remaining 696km from Mchinji via Salima to Marka is in poor condition because of a lack of investment by the concessionaire, with 80 km inoperable as a result of bridge and track wash-aways following natural disasters. Locomotive equipment and rolling stock is old and unreliable. Construction of a new link from Nkaya to the coal mines at Moatize in Western Mozambique commenced in 2012 to provide mainly for coal transit traffic into the Nacala corridor.

Despite offering the shortest and cheapest exit route for Malawian commodities, the rail system is mostly unreliable and inefficient. Frequent suspension of rail services, as a result of the poor state of both the system permanent way and rolling stock, has affected rail operations (cash flows and revenues). The entire rail track system, which has not been properly maintained for many years, is now badly in need of a major overhaul if services are to be revamped. If substantial rehabilitation works are not carried out on the line, including replacing the Chiromo Bridge, situated in

a major rail transit route, it is expected that freight volumes transported will continue to fall.

The major constraints include: poor condition of airport infrastructures and facilities; inadequate rail coverage within the country; poor asset management and maintenance; poor condition of Nacala Port; and weak regulatory environment.

Rural Transport

Rural transport development encompasses infrastructure construction and maintenance for provision of vehicular access to rural centres, use of non-motorised vehicles, safe pedestrian movements and improved physical access to services and facilities. Sustainable development of the rural transport sub-sector hinges on addressing the key policy and legislative issues encountered in the execution of the rural transport programmes. Rural transport services are provided primarily through minibuses and bicycle taxi. Large numbers of shorter journeys are undertaken on foot. Minibus services are generally poor as a result of operators being unwilling to travel on poor quality road infrastructure. Improvements in the quality of infrastructure will encourage expansion of private sector service provision in rural areas.

Major challenges in the sub-sector include: inadequate community participation in infrastructure development; inadequate financing; limited alternatives of appropriate technology; attention to differing gender needs and priorities; integration of rural transport activities; and institutional capacity for sustainability of the activities. These challenges will need to be addressed for the successful implementation of the rural transport programmes in the country.

Urban Transport

The continuing trend in urbanisation of the population and growth in the numbers of vehicles is leading to increasing congestion in urban centres. Urban transport is wholly road-based with high numbers of pedestrians and cyclists but limited facilities for non-motorised transport. Urban road networks have an increasing proportion of paved roads but the majority are unpaved and, especially in the peri-urban areas, of poor quality.

Urban transport services are dominated by minibus with shorter journeys undertaken by bicycle taxi and there are high levels of pedestrian traffic. Overloading of passengers in the minibuses is the norm rather than an exception. Vehicular movement is hampered by poor traffic management and enforcement of traffic regulations. Encroachment on road space from markets and minibus stops is a constraint on smooth traffic flows and is a road safety hazard, and whilst improved infrastructure will go some way

to addressing these issues, there will also be a need for increased education for drivers and other road users towards road safety.

In the absence of a more visionary and long term strategy upon which the national development strategy anchors, coupled with very limited investment, during the implementation of MGDS II, the major challenges and binding constraints in the transport infrastructure sector have barely been tackled. Table TI 2.9 presents cross-cutting constraints and challenges facing the Transport Infrastructure Sector.

Table TI 2.9: Cross-cutting Constraints/Challenges and Recommendations for Transport Infrastructure in Malawi	
Constraints/Challenges	Recommendations
i. Outdated legislation that does not reflect or adequately address current challenges.	Government work to enforce legislation through state institutions. Capacity building, and other measures.
ii. Weak regulatory environment and poor management and enforcement of concession agreements; and engagement by all potential investors and contributors.	Policy reforms in the sub-sector, which encourage private sector participation; Government establish a favourable regulatory environment. Create more conducive space for participation of MSMEs, especially in the roads infrastructure sector, through joint ventures and other arrangements.
iii. Lack of adequate investment in infrastructure and equipment.	Prioritize investment in transport infrastructure, of various types depending mode of transport Ensure effective stakeholder participation in dialogue on the transport sector.
iv. Inability to address cross-cutting issues such as Gender and HIV and AIDS due to lack of human resources, expertise – no dedicated capacity to guide mainstreaming process.	Implement gender mainstreaming guidelines, as per national gender policy, regional and global gender protocols and conventions.

13.8 Education, Science and Technology

National Policy Issues

MGDS II recognizes that education science and technology are major catalysts for socio-economic development. MGDS II recognizes three broad categories of the education system: basic education, secondary education and tertiary and vocational education. The goal is to improve access to quality and relevant education.

Although Malawi does not have specific policy for skills development, it has a number of policies which touch on the provision and development of education. At times, there is lack of articulation between the policies because they are domiciled in different ministries: Ministry of Education Science and Technology (MoEST), Ministry of Labour (MoL), Ministry of Youth and even the Ministry of Gender, Women and Child Welfare (MoGWCW).

The guiding policy for the Education sector is the National Education Sector Policy (NESP 2007-2017). NESP was based in part on Vision 2020, the MGDS I and other international undertaking that Malawi is signatory to, for example, the SADC protocol on education, Millennium Development Goals, and the Education for All National Plan of Action. Its overarching framework is organized under three goals, which are presumed to constitute the underlying structure of NESP and MGDS II: (1) access and equity, (2) quality and relevance, and (3) governance and management. The ministry's mandate was directly linked to achievement of two MDGs, namely, MDG2 - achieve universal primary education; and MDG3 - promote gender equality and empowerment of women.

Whereas the NESP covers 10 years, the medium term operational tool for the NESP is the Education Sector Implementation Plan (ESIP), which provides details of the activities that each education sub-sector will undertake to achieve the NESP goals. The ESIP sets the education value chain: basic education, secondary education, teacher education, technical, entrepreneurial and vocational education and higher education. Priority is attached to basic education and within basic education, primary education is accorded the highest priority, followed by early childhood development (ECD), out of school children and youth and adult literacy.

Good policy and legislative measures to strengthen girl education have been adopted, but some will remain ineffective without enforcement, adequate resources and transformative strategies. During MGDS II implementation, primary education was made compulsory under the Education Act No. 21 of 2013. The Gender Equality Act No. 3 of 2013 promotes the right to equal access to education and training. This includes ensuring non-discrimination between girls and boys and women and men in education standards, scholarships and other opportunities. It requires

the integration of female students in disciplines that are traditionally male-dominated. Further, admittance into tertiary education is to adhere to a quota, so that one sex is not less than 40 percent and the other not more than 60 percent. Also, the National Girls Education Strategy (NGES, 2014 - 2018) has been adopted to accelerate efforts to improve girl education.

A significant milestone has been achieved with the tertiary quota. For example, under the 2014/15, selection into the generic undergraduate programmes of University of Malawi and Lilongwe University of Agriculture and Natural Resources had surpassed the quota with females constituting 48 percent and 43 percent of selected students respectively. Mzuzu University met the quota in its 2015/16 intake, with female students selected into its generic undergraduate programmes constituting 40 percent of the intake. However, the newest University, the Malawi University of Science and Technology (MUST) is lagging behind registering a 26 percent proportion of female undergraduate students in its 2014/15 intake. For MUST, enforcing the tertiary quota cannot be realistic without strong strategies to ensure that more girls are doing well in science and technology to qualify for selection at MUST and others for vocational training, science and technology courses. Incidentally, since 2013, TEVETA targets 50 percent enrolment of girls.

Compulsory primary education and the NGES have to be supported by strategies that transformation attitudes towards girl education especially at household level. The draft future National Human Rights Action Plan (2016 -2020) proposes elaborate strategies to facilitate the practical realization of the right to education, including for learners with special needs. Aligning the plan to education programming will become necessary.

Situation Analysis

Malawi's population is estimated at 17.03 million. Officially, the Malawi public education system includes primary Standards 1-8 (for ages 6-13) and secondary Forms 1-4 (ages 14-17). In reality, although official age for starting school is six, kids from well to do families start school earlier, while many in rural areas start late. That notwithstanding, if the official categorization is considered, the potential school going population (5-24 age group) is equivalent to 50 percent of the population.

Malawi is also signatory to the UNESCO Education for All (EFA) Dakar Declaration and Framework for Action of 2000 under which the floor on spending on education is 20 percent. In addition, EFA is conceptualized through a number of goals, including expanding and improving comprehensive early childhood care and education; ensuring that by 2015 all children, have access to, and complete, free and compulsory primary education of good quality; ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes; achieving a 50 percent improvement in levels of

adult literacy by 2015 and equitable access to basic and continuing education for all adults; eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality; improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

Literacy

Malawi has witnessed improvements in literacy, although these achievements are below EFA goal. The literacy in population above 15 years increased by 6.8 percent from 64.5 percent in 2010 to 71.3 percent in 2013 (see Table ED 2.1 b). Although literacy rates among female-headed households (8.2 percent) grew faster than among male-headed households (6.6 percent), women literacy rate was still 10 percent lower than for men. More notable is the fact that the literacy rate in rural areas grew by 8 percent while it stagnated in urban areas, so that between 2010 and 2013 the gap in literacy rates between urban and rural areas widened (NSO, 2014).

Table ED 2.1 shows trends in literacy rates by sex of household head and place of residence/ urban or rural location.

Table ED 2.1: Trends in Literacy under MGDS II by Sex of Household Head and Place of Residence, Percentage, Malawi 2010 and 2013			
Background Characteristics	Literacy Rate		Change in Literacy
	2010	2013	
Malawi	64.5	71.3	6.8
Sex of Household Head			
Male	66.5	73.1	6.6
Female	55.7	63.9	8.2
Place of Residence			
Urban	89.0	88.9	-0.01
Rural	59.6	67.6	8.0
Source: NSO, Integrated Household Panel Survey, 2014			

Primary School

Under MGDS the goal for basic education was to improve access to quality and relevant education. This was to be achieved through expanded equitable access to education; improved quality and relevance of education; improved management and governance of education. Under EFA and MDGs, Malawi committed to universal primary education.

In the past year, the number of pupils in primary schools grew and now stands at 4.6 million, 86 percent of whom reside in rural areas. The

government remains the major service provider with the share of students attending public schools rising from 86 percent of students in 2010 to 92 percent in 2014. Although nominal access to primary education has increased, Malawi is far from attaining universal access. Nationally the net intake rate of 6 years olds into the free primary stage is 97 percent (Hall and Mambo, 2014). In contrast, the share of religious schools has declined from 11 percent in 2010 to 5.3 percent in 2014. In urban areas, about 15 percent of children do not attend public primary schools. More importantly, education subsidies are progressive, with 54 percent going to the lowest two wealth quintiles and only 9 percent going to the highest.

Access to primary education has increased but universal access is still far from being achieved. Nationally the net intake rate of 6 years old into the free primary stage is 97 percent (Hall and Mambo, 2014). Yet the primary net enrolment rate (NER)¹⁸ of 89 in 2014, though an increase by 4 percentage points from 85 percent in 2010, reflects high repetition rate in the early grades. Nationally girl pupils (90 percent) have higher net enrolment rate in primary school than boy pupils (88 percent), while in urban areas there is no difference.

Under MGDS II Primary education became more inefficient and wasteful. Between 2010 and 2013 Gross enrollment rate (GER) increased from 122 to 128 among boys and from 115 to 121 among girls. Across gender and by location, there are mixed picture, with GER rising by 6 among boys in both rural and urban areas and among rural girls. The only redeeming story is in urban areas where the GER for girls declined by 11 to 114 in 2014 (NSO, 2014). The high GER is mostly due to high repetition rates, since it's estimated that the average repetition rate in Malawi in the first six grades is above 20 percent, significantly higher than the SSA average of 15 percent¹⁹.

The internal inefficiency of the primary school system has enormous financial implications. Repetition rates have increased from 14 percent in 2010 to 19.7 percent in 2014. Although administrative statistics suggest that school drop-out rate in primary schools has declined from 2 percent in 2010 to only one percent in 2013, other sources suggests a much higher figure (over 10 percent in the first two years (Hall and Mambo, 2014)). The primary school completion rate now stands at 52 percent in 2014 (56 percent among boys and 47 percent among girls) giving an access probability to Form 1 of 17 percent of age cohort.

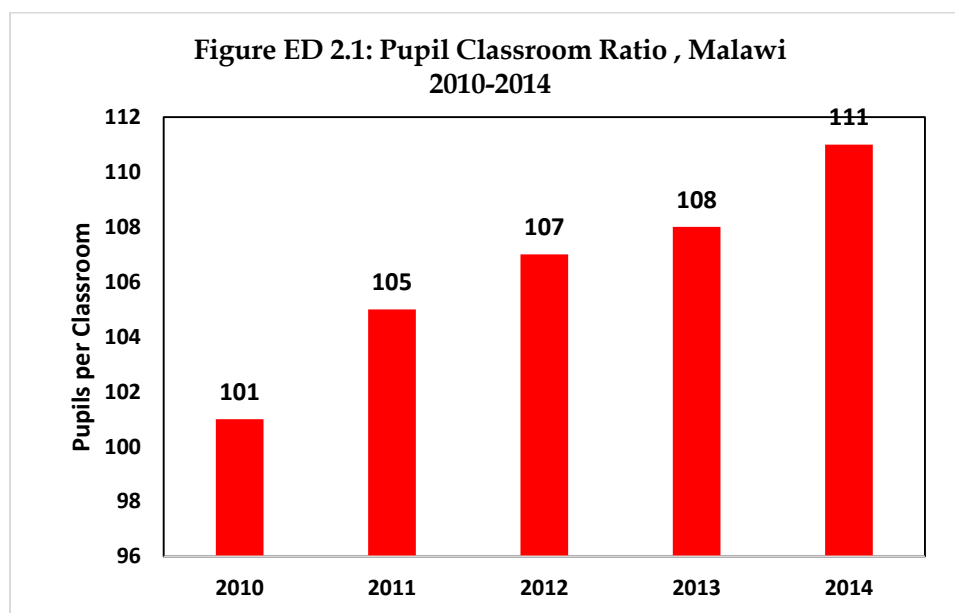
Repetition and dropout have high economic costs. It is estimated that due to repetition and drop outs, the primary school system is so inefficient that it takes 23 student-years to produce one graduate instead of eight years

¹⁸Net enrolment rate refers to as the number of pupils in the official school age group expressed as percentage of the total population in the age group.

¹⁹ High GER may also reflect late entry into school.

under normal efficiency. As such, in the primary education system about 65 percent of resources are spent on repeaters and drop outs (ESIP, 2009).

Since 2010, classes have become more crowded and resources per student are spread more thinly. Due to increased enrollment, and slow infrastructural development the quality of education continues to decline: The primary pupil to classroom ratio has increased from 101:1 in 2010 to 111:1 in 2014 (see Figure ED 2.1); the average pupil to textbook ratios has increased from 5:1 in 2010 to 6:1 in some subjects and standards.



Source: MFEPD (2015), Economic Report.

Because of the weak learning environment, learning outcomes have remained low. Malawian learners have achieved only level 3 on an 8-level scale for both reading and mathematics under the SACMEQ tests. Under the Early Growth and Reading students in Standards 2 and 4 failed to reach the benchmarks for reading for Standard 1²⁰. A related critique has been that Malawi's education and training does not meet the contextual needs of the country and is blindly borrowed from the West.

Primary Education administration in Malawi is fraught with managerial inefficiency. In 2009, it was estimated that primary teacher allocation was random, with about 42 percent of teachers allocated to schools without regard to school enrollment, which is higher than the SADC average. In addition due to female teachers' request to follow husbands, teacher

²⁰ SACMEQ stands for Southern and Central African Center for Monitoring of Education Quality. For full discussion see Hall and Mambo (2014)

allocation is skewed towards urban sector so that pupil teacher ratios are lower in urban areas than rural areas.

Secondary Education

Just like primary education, MGDS the goal for secondary education was to improve access to quality and relevant education, to be achieved through expanded equitable access to education; improved quality and relevance of education; improved management and governance of education.

The number of secondary schools currently stands at 1,313, of which 1,008 are public and 305 are private. As such access to secondary education remains very low and is worsening. Although the bulk of secondary students (274,736 or 79.3 percent) are enrolled in public secondary schools, overall attendance in public secondary schools has relatively declined in recent past from 83 percent in 2010. The secondary education system is characterized by low transition, retention and completion rates. As pupils transit from primary to secondary schools, participation rates start to drop from above 90 percent to approximately 80 percent in either years. Although gender is far from being met, significant progress has been made with the ratio of girls to boys improving from 0.6 in 2000 to 0.79 in 2009/10 and was projected to be at 0.9 in 2015, below the Millennium Development target of 1.

In urban areas, attendance in public schools is down 5 percentage points to 72 percent, while private secondary attendance has risen by seven point to 22 percent. While the share of households with children attending private secondary schools has increased by about 4 percentage points, among female-headed ones it has actually declined from 15 percent to 7.2 percent in favour of religious schools.

The secondary education system is characterized by low transition, retention and completion rates. As pupils transit from primary to secondary schools, participation rates start to drop from above 90 percentage points to approximately 80 percentage points in either years. In 2014, by the age of 24, only 4 percent of female students are in school while in 2010 there were about 10 percent female students still in school. More importantly, the ratio of girls to boys has moved from 0.6 in 2000 to 0.79 in 2009/10 and was projected to be at 0.9 in 2015, below the Millennium Development target of 1.

Net Enrollment Rates

Access to secondary education remains very low and is worsening. Between 2010 and 2013, net enrollment rates in secondary schools have marginally declined by half a percentage point to 10.9 percent, see Table ED 2.2. Although sex specific NER have declined, girls NERs remain higher than for boys. NER for students in female headed households have

declined by 5 percentage point, and it's mostly reflecting decline in females living in female headed

Table ED 2.2: Net Enrollment Rate for Secondary School by Household Headship and Urban or Rural Location: Malawi 2010 and 2013

	Total		Boys		Girls	
	2010	2013	2010	2013	2010	2013
Malawi	11.4	10.9	9.2	10.2	13.7	11.6
Sex of Household Head						
Male	11.3	12.4	9.5	11.5	13.1	13.3
Female	11.7	6.7	7.9	6.3	15.3	7.0
Place of Residence						
Urban	18.2	31.8	13.8	26.6	23.1	38.1
Rural	10.2	7.6	8.3	7.4	12.1	7.8

Source: NSO (2014), Integrated Household Panel Survey, Zomba

households. Difference in access between rural and urban areas continue to widen. In 2010, urban NER were 8 percentage points higher than the rural NER. By 2013, rural NER worsened, urban NER improved and the gap widened.

Secondary school is constrained and a lot of people in the official secondary-age bracket are not attending school. Gross enrolment at national level show that only 38 percent of boys and 31 percent of girls of the secondary school aged population are indeed attending secondary schools. Indeed between 2010 and 2013, GER have increased by almost 8 and 5 percentage points²¹ among boys and girls, respectively.

Secondary school aged young people in rural based households or female-headed households are less likely to attend secondary school than their counterparts in urban areas or male-headed households, respectively. Between 2010 and 2013, the GER in male-headed households rose by 11 to 41.6 for boys and by 6 to 33.7 for girls while there was no change in GER in female-headed households. GER among urban based students have risen dramatically (by 46 point to 87 among boys and by 35 among girls) while it has remained static in rural areas. This suggests that access to secondary education is regressive with rural areas benefiting less from any public subsidy. Indeed, recent studies suggest that of the public subsidies to secondary schools only 18 percent goes to the lowest two quintiles²².

²¹A gross enrolment rate is supposed to be within 100 percent. A gross enrolment of higher than 100 percent shows inefficiency in the education system, either due to repetition or having over aged pupils.

²² See Hall and Mambo (2014).

Prima facie, the average quality of secondary education has improved but variations in quality exists, especially between regular public schools and community day secondary schools and private schools. Malawi has 10,577 secondary school teachers of whom 3,513 are degree holders, 3,986 are diploma holder while 3,145 are under-qualified. The pupil to teacher ratio (PTR) at the secondary level (26:1) was slightly better than the Sub Saharan African average (28:1). However, the pupil to qualified teacher ratio (Petri) is only 44:1, as many schools rely on primary-trained teachers who are not adequately qualified to teach at secondary school level. The PqTR is also worse in science subjects where it is as high as 170:1. Enrollment growth has also fed into more crowded classrooms. In the past four years, the student classroom ratio has risen from 41.1 in 2010 to 56:1 in 2014. Which exceeds the target of 40 pupils per classroom. The dearth of qualified teachers at secondary school justifies government's plan to construct an additional college for training secondary teacher and expanding capacity for training teacher under the Higher Education Science and Technology project supported by the African Development Bank (AfDB).

Pass rates in secondary schools have varied overtime and not suggestive of any pattern nor stability in quality. The MSCE, pass rate rose from 38 percent in 2009 to 53 in 2011 and now stands at 55 percent (with pass rate of 61.3 percent for boys and 47 percent for girls). However, there was a consistent trend in Junior Certificate (JC). The pass rate rose from 62 percent in 2009 declined to 60 percent in 2011 and stood at 73.3 percent in 2014 (79 percent among boys and 66.9 percent among girls) before it was officially scrapped.

One explanation is that dropout rates in secondary schools has declined from 10 percent in 2010 to 7 percent in 2013. Reduction in dropout rates among female-headed household members were most significant (from 15 percent to 8 percent). Trend across region have been varied, with dramatic reduction in the northern region (from 11 to 2.2) and Southern region (from 10.1 to 6.2) while the central region witnessed an increase in dropout rate of 1 percent to 8.7. As might be expected dropout rates are higher three to four times higher in households whose head has primary or no education, compared to those with tertiary education.

Teacher Education

If Malawi is to progress economically, the quality in education needs to be shored up and the surest way of doing that is to train and retain qualified teacher in the system. Since the declaration of free primary education in 1994, the quality of education has declined and twenty years later, those compromised students from that system are now at the level of teaching others.

At the primary level, Malawi has 66,732 teachers of whom 39, 057 are males and 27,675 are female. According to administrative statistics, about 90

percent (or 60,241) of these are qualified. The teacher to pupil ratio (PTR) stands at 70:1 while the pupil to qualified teacher ratio is 78:1, way in excess of the target pupil qualified teacher ratio of 60:1 by 2017 and higher than the Sub Saharan average of 42:1. Recent reports also suggest that the ratio could improve further if the 10,000 trained teachers who are yet to be employed get absorbed into the system.

As earlier noted, one third of secondary teacher are under qualified. In secondary schools there are 10,577 teacher of whom 3,513 are degree holders, 3,986 are diploma holder while 3,145 are under-qualified. The dearth of qualified teachers at secondary school justifies government's plan to construct an additional college for training secondary teacher and expanding capacity for training teacher under the Higher Education Science and Technology project supported by the African Development Bank (AfDB).

Higher Education

Access to higher education has been increasing but remains low and fairly elitist. A Change in admission policy for tertiary education institutions from one based on bed space to one based on classroom space has resulted in an increase in student numbers from 7 867 students in 2008 to 13,000 in 2014 in public universities and colleges. While this represents an increase in University access from 52 students per 100,000 inhabitants to about 80 per 100,000, it is lower than 299 student per 100,000 inhabitants in SSA.

At the inception of MGDS, Government rolled out a ten year plan for expanding higher education and adding economically relevant courses, more oriented towards science and technology. As of 2015, the creation of LUANAR and MUST had since materialized, with MUST increasing capacity of higher education by 3, 000 (MFEPD, various issues).

Higher education in Malawi remains extremely inequitable, especially with regard to government subsidies. Only 3 percent of government subsidies go to the lowest two quintiles and 82 percent to the highest. In general, government expenditures favor those in higher education compared to those at the primary and secondary levels, where per capita expenditures are very low. Non-salary annual spending per pupil is only USD1.50 at primary and USD27 at secondary levels, but rises 29 times to USD 807 per student at the tertiary level. Malawi's unit cost for higher education is the second highest in the region (Hall and Mambo, 2014).

A number of initiative have been put in place to improve governance and management of tertiary institutions. When government announced the reforms to higher education and introduction of new universities, a Secretariat for Malawi Universities Development Programme (MUDP) was established to service the appointed Public Universities Working Committee (PUWC) and to oversee the establishment of the five new public

universities. This also transitioned into the setting up of the National Council of Higher Education (NCHE) to regulate both private and public universities and harmonize university selection.

Achieving Gender Equality in Education

Good policy and legislative measures to strengthen girl education have been adopted, but some will remain ineffective without enforcement, adequate resources and transformative strategies. During MGDS II implementation, primary education was made compulsory under the Education Act No. 21 of 2013. The Gender Equality Act No. 3 of 2013 promotes the right to equal access to education and training. This includes ensuring non-discrimination between girls and boys and women and men in education standards, scholarships and other opportunities. It requires the integration of female students in disciplines that are traditionally male-dominated. Further, admittance into tertiary education is to adhere to a quota, so that one sex is not less than 40 percent and the other not more than 60 percent. Also, the National Girls Education Strategy (NGES, 2014 - 2018) has been adopted to accelerate efforts to improve girl education.

Compulsory primary education and the NGES have to be supported by strategies that transformation attitudes towards girl education especially at household level. The draft future National Human Rights Action Plan (2016 -2020) proposes elaborate strategies to facilitate the practical realization of the right to education, including for learners with special needs. Aligning the plan to education programming will become necessary.

A significant milestone has been achieved with the tertiary quota. For example, under the 2014/15, selection into the generic undergraduate programmes of University of Malawi and Lilongwe University of Agriculture and Natural Resources had surpassed the quota with females constituting 48 percent and 43 percent of selected students respectively. Mzuzu University met the quota in its 2015/16 intake, with female students selected into its generic undergraduate programmes constituting 40 percent of the intake. However, the newest University, the Malawi University of Science and Technology (MUST) is lagging behind registering a 26 percent proportion of female undergraduate students in its 2014/15 intake. For MUST, enforcing the tertiary quota cannot be realistic without strong strategies to ensure that more girls are doing well in science and technology to qualify for selection at MUST and other for vocational training, science and technology courses. Incidentally, since 2013, TEVETA targets 50 percent enrolment of girls.

Science and Technology

Three notable development in this area. First, since 2013, Malawi now has a university wholly dedicated to science and technology (MUST) which should give prominence to this field. Second, as a signatory to the Cartagena Protocol on Biosafety (2000), in 2008 Malawi developed a policy and regulatory framework for research and utilization of modern

biotechnology products. The National Commission for Science and Technology (NCST) is superintending a National Biotechnology and Biosafety program, under which there Confined Field Trials on Biotechnology cotton are being conducted.

Third, in 2011, the National Commission for Science and Technology concluded research on ethanol as alternative source of fuel for vehicles in the country. In 2012, Government approved a policy to allow vehicle in Malawi to run on 100 percent ethanol. In 2013 the mandate of promotion and governance of scaling up use of ethanol was transferred to Ministry of Energy for implementation. Currently the scale up is being championed by private sector Presscane and Ethcol.

Table ED 2.3 summarizes constraints/challenges, and recommendations for the Education, Science and Technology sector.

Table ED 2.3: Constraints/Challenges and Recommendations for Education, Science and Technology in Malawi	
Constraints/Challenges	Recommendations
	Government should:
<p>i. High repetition rates compromise the efficiency of the education system. Mostly due to large classroom leading to high pupil to teacher ratios, to classroom ration or book ratios. Poorly qualified and committed teachers may also account for poor results.</p>	<p>a) Develop a gendered national policy and an advocacy strategy on universal education to cover retention, repetition and progression.</p> <p>b) Design a coherent program to improve availability of teaching and learning materials to enhance quality and internal efficiency.</p> <p>c) Design a medium term plan for expanding teacher education, based on population projections, to increase the number of teachers and improve student teacher contact and monitoring of student performance.</p>
<p>ii. Lack of full or reasonable cost recovery in secondary and higher education. Although Malawi has a policy of cost-sharing at the secondary and tertiary levels, the student contribution is very low and government subsidy has been increasing. Although fees in Universities have were to raised to the equivalent of USD630, the annual unit cost per student of USD3,300 has to be defrayed by government and tertiary education is absorbing 25 percent of the budget.</p>	<p>a) Give public education institutions more autonomy and leeway to determine and adjust fees.</p> <p>b) Index the cost of education or the cost recovery component to an index and institute a transparent fee adjustment trigger mechanism.</p> <p>c) Devise a mechanism that will link funding to public education institutions to performance outcomes or matching with revenue generation.</p>
<p>iii. Weak capacity to manage resource and performance including infrastructure development. There is weak capacity to manage donor funded infrastructure</p>	<p>a) Develop programmes of capacity building in project management and institute incentive system based on project to portfolio performance</p>

	<p>projects, especially where no direct personal benefits are evident. In addition the need to use government systems, as required under Paris Principles, does not seem to work since procurement and distribution system seem fairly cumbersome and lethargic.</p>	<p>criteria.</p> <p>b) Augment capacity with staff and design an incentive system that attracts skilled personnel.</p>
iv.	<p>Uncertainty over donor commitments due to recent revelations of weak public finance management system.</p> <p>Commitments from pool partners are uncertain due to the recent revelations in weak public finance management. Under the second Education Sector Implementation Plan (ESIP II) financing sources have not been concretely established and so predictability in disbursement is low, thereby adversely impacting most on-going projects.</p>	<p>a) Develop and implement an ethics and integrity program at Government training school for all officers.</p> <p>b) Facilitate acquisition of appropriate software and system for PFM.</p> <p>c) Review, revise and in necessary promulgate public finance management guidelines that ensure high system integrity.</p> <p>d) Develop policies and guidelines that demonstrate resolve to implement strong PFM systems with regular and periodic monitoring.</p>
v.	<p>Weak public finance management systems. Since 2010, the Ministry of Education joined the Ministry of Health as sectors enjoying pooled funding under Sector Wide Approach and Sector Budget Support. Following cashgate, in 2013 the education sector budget was suspended together with General Budget Support. Although the resources were reprogrammed, it represented a major reversal of procedure and retreat from Paris principles.</p>	<p>a) GoM: Full and speedy implementation of the Public Financial Management System, the IFMIS and the OPA.</p> <p>b) GoM/MFEPD: Develop capacity in the sector in financial management, including scaling up the PBB.</p>
vi.	<p>Persistent low funding levels on key programmes and infrastructure projects has led to delays in the completion of most on-going programmes and projects. There is still a significant number of teachers that have graduated from the TTCs that are awaiting to be recruited by the government.</p>	<p>a) GoM: Mobilize resources for projects in the sector, with a carefully planned and phased approach to project implementation.</p> <p>b) GoM: Solicit the support of DPs, who are willing and able to invest in the sector; where possible, private sector investment.</p>
vii.	<p>Poor inter-agency coordination: a number of education related areas, both on the supply and demand side, fall in the domain of other ministries (for example, two other ministries take the lead responsibility in subsectors of basic education. The Ministry of Gender, Child Development and Community Development leads the provision of Early Childhood Development (ECD),</p>	<p>a) GoM: Improve inter-agency coordination by ensuring effective functioning of the SWAp, SWGs and TWGs, with sound monitoring and evaluation system in place,, rewards for success and penalties for non-delivery.</p> <p>b) GoM: Integrate SWAps, SWGs, TWGs into organisational performance agreements, as part of</p>

<p>while the Ministry of Youth Development and Sports leads the provision of sports and other services for the out of school youth; and Technical and vocational education now falls under Ministry of Labour). As such is necessary among various government departments and stakeholders on key education programmes.</p>	<p>overall public service reform agenda.</p> <p>c) GoM: Link inter-agency coordination to the M & E system, at both central and decentralised levels.</p>
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13.9 Public Health

Overview

National Policy Context

MGDS II recognizes that a healthy and educated population is necessary if the country is to achieve sustainable economic growth, and achieve and sustain Millennium Development Goals. The long-term goal of the MGDS with regard to health is to improve the health of the people of Malawi regardless of their socio-economic status, at all levels of care and in a sustainable manner with increased focus on public health and health promotion.

In the health sector, the Malawi Health Sector Strategic Plan (HSSP) (2011-2016) is the guiding and operational tool and successor to the Programme of Work (2004-2010) which guided the implementation of interventions aimed at improving the health status of people of Malawi. The overall goal of the HSSP is to improve the quality of life of all people in Malawi by reducing risk to health and the occurrence of premature deaths, thereby contributing to the social and economic development of the country. The broad objectives of the HSSP are to increase coverage of the Essential Health Package (EHP) interventions, paying attention to the impact and quality. In 2014/15 financial year, Government continued to implement various programmes in pursuit of the goal above.

Health System

In Malawi, health services are provided at three levels: primary, secondary, and tertiary. Primary-level services are delivered by rural hospitals, health centers, health posts, and outreach clinics. The secondary level, consisting of public district hospitals and the Christian Health Association of Malawi (CHAM) hospitals, mainly supports the primary level by providing surgical backup services, mostly for obstetric emergencies, and general medical and pediatric inpatient care for common acute conditions. Tertiary hospitals provide services similar to those at the secondary level, in addition to a small range of specialist surgical and medical interventions.

At the moment Malawi has 635 health facilities, the bulk of which are health centers (440) and dispensaries (101). There are 4 central hospitals and 23 district hospitals and two mental hospitals are the only specialized hospitals.

Nearly all formal health care services in Malawi are provided by three agencies: the Ministry of Health provides about 60 percent of services, the CHAM provides 37 percent, and the Ministry of Local Government provides 1 percent. Other providers, namely private practitioners, commercial companies, and the army and police, provide the remaining 2 percent.

Epidemiological Profile

Although Malawi has invested heavily in health and witnessed improvements in some indicators, Malawi's health indicators remain poor, reflecting weaknesses in the health system. Like many countries in similar socio-economic standing, Malawi's epidemiological profile is dominated by communicable diseases. According to an analysis of the disease burden for Malawi, in 2011 HIV and AIDS was the leading cause of burden (29.9 overall), followed by lower respiratory infection (12.0 percent) and malaria (8.4 percent). Table H 2.1 also shows gender disparities with HIV being more feminized while lower respiratory disease, malaria and diarrhea diseases pose a heavier disease burden among men.

A trend of recent vintage is the increase in non-communicable diseases. The National Health Accounts reports that administrative statistics from central hospitals suggest among cases seen at Central Hospitals, non-communicable diseases represent a greater proportion than the communicable ones, which could be a sign of reversing trends to the current evidence as already mentioned above that the greatest burden of diseases in developing countries is caused by communicable diseases. The evidence suggests that cancers (mostly cervical cancer caused by the papilloma virus) and Kaposi's sarcoma are increasing significantly and contributing to the morbidity and mortality burden (NHA, 2014).

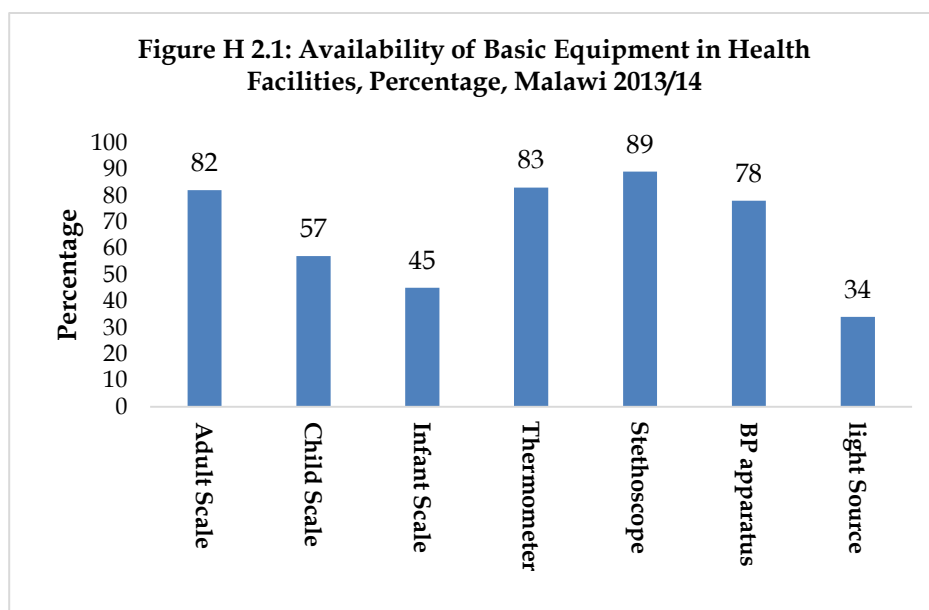
Table H 2.1: Leading Causes of Burden of Disease (Disability Adjusted Life Years) in Malawi, 2011

All People	Percent Total DALYs	Males	Percent Total DALYs	Females	Percent Total DALYs
HIV&AIDS	29.9	HIV&AIDS	24.9	HIV&AIDS	32.7
Lower Respiratory Infection	12.0	Lower Respiratory Infection	13.1	Lower Respiratory Infection	10.9
Malaria	8.6	Malaria	8.9	Malaria	8.4
Diarrhea	8.4	Diarrhea	8.8	Diarrhea	8.0
Conditions arising during perinatal clinic	4.2	Conditions arising during perinatal clinic	5.9	Conditions arising during perinatal clinic	2.6
Tuberculosis	2.2	Tuberculosis	2.9	Tuberculosis	1.8

Source: Bowie and Mwase, (2009)

Inadequate Medical Equipment

The health system still lacks some basic equipment and is certainly not equipped to handle higher level disease, especially non-communicable diseases. Figure H 2.1 shows the availability of basic equipment from the 997 facilities surveyed. As shown in the figure, there is scarcity of child and infant scales and light source with the latter being available at only 34 percent.



Source: Malawi Health Sector Joint Review, 2013/14

Health Indicators

Child Health

In line with MDG 4 – reduce child mortality, rigorous national measures have been undertaken to improve child health (reduce child mortality) during the MGDS II implementation phase. The infant mortality rate declined 66 deaths per 1,000 births in 2010 to 53 deaths per 1,000 birth currently, thereby missing the target of 45 set in the HSSP. The child mortality rate, representing probability of dying between the first and the fifth birthdays, has also improved to 33 deaths per 1,000 births in 2013. Under MGDS I, the under-five mortality rate declined from 218 per 1000 live births in 2000 to 112 per 1,000 live births in 2010 and under MGDS II, it declined further to 85 per 1,000 live births. However this is higher than the HSSP target of 78 death per 1,000 live births.

One reason that can explain why child health has improved slower than targeted is regression with regard to full immunization coverage. Between 2004 and 2010, full immunization coverage increased by 26 percentage points to 81 percent of children aged 12-23 months. However, under MGDS II, the percentage of 1-year-old children fully immunized has actually declined by 10 percentage points and now stands at 71.5 percent, way below the target of 86 percent in HSSP. In addition, there is an increase in acute respiratory infection (ARI) which is one of the most significant causes of morbidity and mortality amongst children worldwide. In Malawi, between 2004 and 2010 the proportion of children with ARIs taken to a health facility for treatment increased from 19.6 percent to 70.3 percent.

Maternal Health

Although the MDGs have prompted Malawi to make considerable gains in reducing maternal mortality, it still remains higher than regional peers. The maternal mortality rate can be represented by an inverted-U curve, rising from in the 1990s, peaking in the early 2000s and now on the decline. Under MGDS I maternal mortality fell from 984 to 675 deaths per 100,000 births. Although, under MGDS II, maternal mortality declined further and now stand at 574 per 100,000 births it was still higher than the HSSP target of 155 death by 2017. The World Health Organization (WHO) estimates in 2013 placed Malawi among the top 16 countries with the highest maternal mortality rates. The major causes of maternal deaths include hemorrhage, hypertension, sepsis and unsafe abortion.

Whilst skilled attendance at birth increased from 54 percent in 2004 to 87.4 in 2014 (MDG Endline Survey), access to emergency obstetric care services is still limited with only 2 percent of the health facilities providing a full package of the services. In addition, there is a significant unmet need for family planning (19.4 percent). Achievement of full progress in maternal health is also hindered by weak inter-sectoral linkages because different relevant sectors have not been galvanised enough to align their responses

with the strategy to prevent maternal deaths. Failure to decisively address the many otherwise avoidable maternal deaths is inconsistent with the obligations that Malawi has made to promote and protect women's right to the highest attainable standard of health under the Convention on the Elimination of Discrimination against Women (1979), the International Covenant on Economic Social and Cultural Rights (1966) and Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa (2003).

Malaria

Malaria is endemic throughout Malawi and continues to be a major public health problem with an estimated 6 million cases occurring annually. Although malaria ranks fourth among the causes of death accounting for 8 percent of mortality, it is the leading cause of morbidity and mortality in children under five years of age and pregnant women. In recent past Malawi has made notable success with malaria incidence declining from 214 cases per 1,000 population in 2012/13 Financial Year (FY) to 202 cases per 1,000 population in 2014/15 FY, and a reduction of inpatient deaths from around 54 deaths per 1,000 population in 2002/03 to having less than one death per 1,000 population from 2012/13 to 2014/15 FY. A critical contributor to the decline of Malaria is the use of Insecticide Treated Nets (ITN) when sleeping which is the primary control strategy for preventing malaria. Survey data further suggests that under MGDS, the percentage of pregnant women who slept under an ITN the previous night rose from 49 percent in 2010 to 60 percent in 2014. However, administrative data put the coverage higher at 85.4 percent, which exceeds the HSSP target of 80 percent by 2017. The percentage of children under the age of five who slept under an ITN the previous night has increased from 55 percent to 65 percent which is lower than the target of 80 percent under HSSP. However administrative data suggest that the share of children sleeping under ITN the previous night was as high as 87 percent.

Nutrition

Effort to consolidate gains in child health and development are also undermined by poor nutrition. The world over, malnutrition has been recognized as a barrier to attaining MDGs. Malawi has made limited progress in child nutrition, with chronic malnutrition standing out as the main problem. Chronic malnutrition, measured by stunting, remains relatively high although under MGDS II stunting prevalence has declined from 47 percent in 2010 to 42.4 percent in 2013 (of which 16.3 percent were severely stunted). The degree of acute malnutrition, captured by wasting, is relatively low and has been stable under MGDS II. Between 2010 and 2013 the percentage of children under age 5 classified as moderately wasted declined from 4 percent to 3.8 percent (of which 1.1 were severely wasted). The proportion of children under age 5 classified as underweight increased from 13 percent in 2010 to 16.7 percent (of which 3.7 are severely underweight) in 2013 at the same time the percentage of children under age

5 classified as overweight stands at 5.1 percent. The high prevalence of malnutrition has impacted greatly on education and health outcomes and thereby the development of this country, as evidenced by the recent cost of hunger in Malawi Report (2015).

HIV and AIDS

Malawi has made considerable progress in reducing HIV prevalence and deaths due to HIV and AIDS and expanding coverage of antiretroviral therapy (ART). The HIV prevalence among adults aged 15 – 49 years has declined from 13.6 percent to 10.3 percent. Successes in reducing prevalence, however, tends to mask the realities of HIV as a highly feminized epidemic that requires systematic gender transformative responses. The transmission and impact of HIV remains asymmetric between men and women. For instance, the HIV prevalence rate of young women aged 15-24 years is almost three times that of their male counterparts. Currently, weak coordination makes it difficult to establish the scale of responses that strategically target men and women, boys and girls on the ground; and spending on how the national HIV response is being made to address gender inequalities between men and women as one of the drivers of HIV is not monitored.

Malawi has been successful in scaling up ART and retaining significant numbers on treatment. The number of people living with HIV (PLWHA) is estimated at 1,060,000, of which 147,000 are children and 913,000 are adults older than 15 years. Malawi had 694 static anti-retroviral therapy (ART) sites, managed by Government, NGOs and the private sector. The number of HIV-positive people on ART now stands at 506,000 representing 48 percent of all PLWHA. Malawi is recorded as a success story in financing for combating HIV and AIDS under MGD 6. A lot of resources have been invested in HIV (mainly from Global Fund and other development partners). For example, in the 2015/16 budget, Ministry of Health (National AIDS Commission and Department of Nutrition and HIV), has been allocated 96 percent of sector's allocation.

Malawi has best practice in the Prevention of Mother to Child Transmission (PMTCT) of HIV. The implementation of PMTCT Option B+15 has effectively integrated PMTCT and anti-retroviral therapy (ART) services . Under this option, the percentage of HIV+ pregnant women who were on ART at the end of their pregnancy has increased from 35 percent in 2010 to 83 percent at present and exceeds the HSSP target of 82 percent. As of September 2014, there were 13,317 HIV infected pregnant women on ART. Of these 6,220 women (or 47 percent) were women at maternity who were already on ART when getting pregnant, while 6718 were newly started on ART due to Option B+ (comprising 5,063 women (38 percent) newly initiated ART in pregnancy and 1,655 breastfeeding women). It is further estimated that 8,420 infants started Nevirapine prophylaxis at maternity.

Tuberculosis (TB) and HIV Nexus

Tuberculosis is one of the most important HIV-related diseases in Malawi and accounts for a considerable proportion of (mainly early) deaths of patients on ART. Recently concerns of the HIV and AIDS and TB co-morbidity have warranted the integration of TB and HIV and AIDS programs. Progress has been made toward early detection and treatment of Tuberculosis (TB) in HIV positive people on ART. In general, the incidence of TB has been declining and is presently estimated at 30 new cases per 100,000 individuals. Recent data suggests that 508,599 (98 percent) of all patients retained on ART were screened for TB at their last visit. Of these, 5,583 patients (1 percent) were new TB suspects and had presumably been referred for examination by a clinician and for TB investigations and 1,667 patients had confirmed TB (of which 1,528 (or 92 percent) were confirmed to be on TB treatment and 139 had not yet started or had interrupted TB treatment).

Health Financing

Malawi's health financing landscape reflects the legacy of free public health care from colonial times. Since 1994, the principle of guaranteeing access of every citizen to health services is stressed by the overall legal framework (Constitution of Malawi) which obligates the State "to provide adequate health care, commensurate with the health needs of Malawian society and international standards of health care" (S33). However, the Constitution does not specifically say that it should be "free of costs" and does not specify how the provision of services by GoM should be done.

Malawi has challenges in financing an adequate standard of health. Malawi's per capita expenditure on health of 34 USD falls far short of 54 USD per capita expenditure as recommended by WHO. Malawi is spending only 6 percent of domestic resources on health and falls short of the 15 percent recommended for the Abuja target. Similarly, Government spending on health averaging US\$7.6 per capita per annum, is below regional peers and comparators, and inadequate to deliver Malawi's Essential Health Care Package (EHP) free of charge estimated at US\$44.4 per capita and is significantly below the SADC average of US\$141 per capita. Under the public sector reforms Government is exploring the potential for creating a Health Fund²³.

In recent times, Malawi has become more donor dependent in health financing. With donor funding accounting for about 65.4 percent of total health-care funding, while government has retreated and now accounts for just 20.5 percent, Malawi is the second most donor dependent country in the world. For a country with free health care, households ironically pay heavily [over 10 percent of Total Health Expenditure (THE)] while

²³ GoM (2014) National Health Accounts.

companies pay less than 4 percent of THE. Donor resources grew on account of Sector Wide Approach (SWAP) pool which the Ministry of Health and its partners have been implementing since 2004. However, recently there have been several changes to health financing in Malawi, including the withdrawal of some key development partners from the health SWAp pool fund, suspension of donor support in 2011, emergency financing and procurement of drugs and medical supplies by development partners, and a deteriorating macro-economic situation.

Malawi has shortage in financing the HSSP because the costing of the HSSP was needs based and hence, ex-ante, the HSSP had a budget deficit. The ideal total cost of implementing the strategic plan was estimated at \$ 3.2 billion over five years, while the plan based on projected resources costs \$ 2.48 billion giving an estimated gap over the five years of the HSSP of \$ 754 million. Allocations to Public Health are below threshold committed to under the Abuja Declaration under which African Union member countries committed to allocate at least 15 percent of their annual budgets to public health spending. At the inception of MGDS II, Malawi was one of six countries that was compliant with Abuja Declaration (at 18.5 percent of budget), and overtime public health spending was targeted to decline slightly to 16.5 percent in 2016. In reality, allocation to public health in 2014/15 represented 10.03 percent of the budget and projected to hover around 9 percent for the next three years. Indeed, the budget for public health, sanitation, and HIV and AIDS Management in the 2015/16 financial year represents 9.2 percent of the total annual budget (MFEPD, 2015).

Health insurance: There is no national health insurance of any form; a few big companies are self-insured and there is limited private sector insurance schemes dominated by the Medical Aid Society of Malawi, covering mostly formal sector employees in parastatals and industrial companies via payroll deductions and company contribution. Under on-going public sector reforms Government is exploring possibility of mandatory health insurance.

Out-of-pocket payment: Generally, there are no user fees in public hospital and for those accessing CHAM facilities, service level agreements have assured no formal fees for accessing maternal and child health services. There is evidence of some informal user fees spurred by inequitable geographical service coverage, poor transport infrastructure, poor availability and quality of services in the public sector which forces people to shun the public sector for the private sector has resulted in increasing out-of-pocket expenditures by certain sections of the population, especially the poor.

Table H 2.2 presents the constraints/challenges and recommendations for the Public Health sector.

Table H 2.2: Constraints/Challenges and Recommendations for Public Health in Malawi

Constraints/Challenges		Recommendations
i.	<p>Availability of Drugs and Medical Supplies. The health system continue to bedevilled with the shortage of drugs and other medical supplies. Factors responsible include lengthy procurement processes, poor specifications, weak logistical information systems, inadequate and unpredictable funding for medicines and pilferage.</p>	<p>a) GoM: Adopt more efficient drugs and medical supplies procurement system, and procedures based on best practice, free from abuse or corruption.</p> <p>b) GoM: Resource mobilization for procurement of drugs and medical supplies, accompanied with penalties that are enforced where abuses occur.</p>
ii.	<p>Shortage of Human Resources for Health. The health sector continue to experience problems in human resources. Malawi has the world's health input ratios, yet the overall vacancy is 45 percent. There is a mismatch between supply and demand, to the extent that although Malawi has a vacancy rate of 45 percent, newly graduated doctors and nurses have to fight government to be employed.</p>	<p>a) Government, CHAM and Private Service Provider to develop a multi-year, population based integrated Human Resource. Development plan, by cadre.</p> <p>b) Capacitate Health Service commission to conduct timely recruitment.</p> <p>c) MoH to lobby Treasury to prioritise funding for recruitment of medical personnel.</p>
iii.	<p>Inadequate Medical Equipment: The health system still lacks some basic equipment and is certainly not equipped to handle higher level disease, especially non-communicable diseases.</p>	<p>a) GoM to increase allocation to capital expenditure within health.</p> <p>b) Develop fiscal formula for funding acquisition of equipment out of pooled funds, even sector budget support, and PSIP.</p>
iv.	<p>Financial Management Inability to account for Funds has resulted in acrimony between NAC and the Global Fund, with the latter losing a Principal Recipient status. In addition, due funding irregularities, sometimes the flow of funds from central level to districts does not match cash flow forecasts; the flow of funds within districts is unreliable, especially to rural health facilities; the absorption of funds at MoH headquarters, especially in infrastructure, is low due to procurement bottlenecks; financial reporting is weak; donors' requirements for individual financial reports increases the</p>	<p>a) GoM/MoH: Adopt a transparent Public Financial Management System, IFMIS and support organisational arrangements that enable improved financial management and accountability; with rewards for good management (for example, increased funding or reduced funding for failures).</p> <p>b) GoM: Establish a sound financial tracking system to account for challenges early, to avoid protracted arguments between organisations and accounting officers.</p> <p>c) GoM/MoH: Establish a sound NAC and lean structured and accountable</p>

	workload of finance staff.	institutions for managing HIV, TB and Malaria funding, supported with sound legal framework; Ministry of Justice: Expedite HIV and AIDS Management Bill.
v.	Poor procurement resulting in persistent shortage of Drugs and Medical Supplies. Factors responsible include lengthy procurement processes, poor specifications, weak logistical information systems, inadequate and unpredictable funding for medicines and pilferage.	<ul style="list-style-type: none"> a) Decentralise some function in the procurement process. b) Increase the use framework contracts in drug procurement to reduce delays. c) Capacitate procurement personnel especially Central Medical Stores in supply chain management.
vi.	Achieving Universal Access Although public health services are offered free at point of delivery, there are other costs which preclude people from accessing the free service. In addition, the availability of public health facilities within eight kilometres is still far from being realized. In some rural places, the health infrastructure is absent or dysfunctional while in others, the challenge is to provide health support to widely dispersed populations. Lack of access to energy also makes it difficult to offer services such as vaccinations and birth deliveries, as well as to retain health personnel in rural areas. Government has focused on partnership with CHAM facilities that are located in rural and hard to reach areas to ensure free, universal health coverage. This is more important because user fee and charges do reduce use of CHAM services.	<ul style="list-style-type: none"> a) GoM should incentive other private players to locate services in hard to reach area under MOU as it does with CHAM b) GoM and CHAM to review MOU and increase service covered under SLA. c) MoH to collaborate closely with Ministry of Energy to ensure the availability of grid or off grid energy sources to all rural health centres for improved maternal and child health (including staff retention). d) GoM and all partners should devise systematic and transformative strategies towards addressing factors that increase the vulnerability of women and girls to HIV, including treatment; as well as factors that hinder most men to access HIV treatment. e) Strategies to reduce maternal mortality should be prioritised in financing.
vii.	High donor dependency and absolute inadequate financial resources to fund the basic cost-effective interventions or Malawi EHP.	<ul style="list-style-type: none"> a) GOM needs to immediately consider implementation of the alternative financing mechanisms as proposed in the draft Malawi Health Financing strategy 2014, such as sin taxes, mobile phone airtime taxes, fuel levies, reciprocal visa fees, health corporate tax, user fees in private wings of district and central hospitals, and for non-EHP services, , among others.

	b) GOM needs to seriously investigate the unofficial user fees households are paying through direct OOP payments in public health facilities, and thereafter implement mechanisms to strengthen user fee collection in private wings of central and district hospitals (including by establishing a computerized billing system), and retain funds at the collecting health facilities.
viii. Low private sector investment in the Malawi health system.	a) Government needs to create a conducive environment for public-private partnerships in the delivery of health services. b) MoH needs to organize advocacy events for the private sector to invest in health as part of social responsibility, and also raise awareness of the need for financing workplace health programs and benefits for the employees. c) MoH needs to produce all relevant information for the private sector with regard to the potential investments in health and ways of accessing local and international capital for health development.

13.10 Water Supply and Sanitation

Overview

Nationally, there has been an improvement in the provision of access to safe drinking water during the MGDS II period with the MDG target on halving the proportion of the population without sustainable access to safe drinking water having been achieved. Although access to improved sanitation also improved during the same period, set targets were not achieved and proportions of population with such access remained low in both urban and rural areas, with the latter showing a significant improvement.

Status and Trends

During the MGDS II period, there has been improvement in the provision of safe drinking water. The Sanitation Performance Review (2013/14), shows that there is 89 percent, people within an improved water source, nationwide, and 93 percent of people whose average total time spent to collect drinking water is less than 30 minutes for a round trip. The WASH

sector passed the MDG target on halving the proportion of the population without sustainable access to safe drinking water.

However, with a rapidly growing population growth rate, the sector is working against a moving indicator which requires additional interventions and investment to maintain and expand on the existing infrastructure services and avoid falling back on the achievement made thus far. It should be noted, however, that despite progress reported in the use of improved sanitation facilities, indications are that the country will not meet the MDG target of increasing access to improved sanitation, which remain a great concern in the sector.

Water Supply

Degradation of catchment areas is one of a number of challenges that has continued to face Malawi in the development and management of water resources. As manifested by Lake Malawi levels, the resources are dwindling and it is important that conservation of catchment areas be given significant attention. This is why Government through the Ministry of Agriculture, Irrigation and Water Development will strive to fulfill its overall mandate of ensuring sustainable management, development and utilization of water resources for socio-economic growth and development by, among other interventions, enhancing the Sector Wide Approach to improve sector coordination by all stakeholders to enhance efficiency in utilization of the resources allocated to the sector.

Urban Water Supply

Coverage

The recent Sanitation Performance Review (2013/14) indicates that the population served by the Water Boards has grown by 7 percent (from 1,797,586 in 2013 up to 1,922,622 in 2014) due to rehabilitation and extension works that the Water Boards have been carrying out under the National Water Development Programme (NWDP) II. It is noted however that the average growth of 7 percent is still not in line with the growth in water supply demand in the areas being served by these Water Boards. There remains large segments of the population in both urban and rural areas without adequate access to water supplies.

Water Production

The current levels of water production by the Water Boards are not adequate to satisfy the demand hence a need for investments aimed at increasing water production and efficient utilization of water produced.

Rural Water Supply

Welfare monitoring surveys show that access to safe water has been growing in rural areas, between 2000 and 2012, with boreholes being the

major source of safe drinking water (GoM, 2014). Malawi has since managed to surpass the MDG target of 67 percent and MGDS II target of 75 percent. However, to be sustainable, the sector still needs to maintain functionality of these water sources at all times since the maintenance of boreholes in rural areas currently remain a challenge. Achievements in the sub-sector are mainly attributed to the investment that the sector has been making towards rural water supply through various programmes supported by the GoM and the DPs such as the NWDP II.

Access and Use of Sanitation Services

According to WHO/UNICEF Joint Monitoring Programme (JMP) 2013 report the percentage of population, using improved sanitation in Malawi is at 53 percent (rural 53 percent and urban 50 percent) with 33 percent of the population sharing sanitation facilities. The percentage of population practicing open defecation is at 6 percent.

Access to Improved Sanitation in Rural Areas

The percentage of the population using improved sanitation in rural areas increased from 37 percent in 1990 to 53 percent in 2011 whilst the percentage sharing the facilities increase from 22 percent in 1990 to 31 percent in 2011. There is an understanding these gains were sustained during the MGDS II period. Open Defecation in the rural has decreased from 34 percent in 1990 to 7 percent in 2011. Table 1 gives the performance trends of access to improved sanitation in rural areas for calendar years 1990, 2000 and 2011, and projections linked to the MDG goals. According to the results in the table, Malawi has not been able to meet the MDG of 73 percent access to improved sanitation facility by 2015 and 75 percent and access to improved sanitation facility by 2016. The MDG Endline Report (2014), shows that only 40.6 percent had access to sanitation facilities which were not shared, implying that Malawi had not met the MGD target. Table 1, summaries the performance of rural areas as regards to access to improved sanitation for the years 1990, 2000, 2011. There is no data for the period 2012, 2013 and 2014. Table WS 2.1 shows state of sanitation in rural areas.

Table WS 2.1: Access to Improved Sanitation in Rural Areas (Percentage of Population), Malawi 1990, 2000 and 2011

	1990 (JMP)	2000 (JMP)	2011 (JMP)	2015 (MDG target)	2016 (MGDS II target)
Rural Population (x1000)	8 255	9 545	12 920	-	-
Percentage of Population					

Improved	37	45	53	73	75
Shared	22	26	31	N/A	N/A
Open defecation	34	21	7		
Proportion of 2012 population that gained access since 2000					25%
Source: JMP 2013 Report					

Access to Improved Sanitation in Urban Areas

Access to improved sanitation in urban areas was reported to have changed from 48 percent in 1990 to 50 percent in 2011. Urban areas were not performing well in the access to improved sanitation as compared to rural areas. However, open defecation in urban areas reduced from 4 percent in 1990 to 2 percent in 2011. Data for the MGDS II period is not available. Table WS 2.2, summaries the performance of urban areas as regards to access to improved sanitation for the years 1990, 2000, 2011 but does not cover 2012, 2013 and 2014²⁴.

Table WS 2.2: Access to Improved Sanitation in Urban Areas (Percentage of Population), Malawi 1990, 2000, and 2011

	1990 (JMP)	2000 (JMP)	2011 (JMP)	2015 (MDG target)	2016 (MGDS II target)
Urban Population (x1000)	1 126	1 684	2 461	-	-
Percentage of Population					
Improved	48	49	50	73	75
Shared	43	44	45	N/A	N/A
Open defecation	4	3	2		
Proportion of 2012 population that gained access since 2000	25%				
Source: JMP 2013 Report.					

²⁴ Data is not available.

Table WS 2.3 presents MGDS II Progress as of Year 2014.

Table WS 2.3: MGDS II Progress as of Year 2014, Percentage, Malawi 2011-12 to 2014-15								
MGDS Output/Outcome Indicator	2010 Baseline	2011-12		2012-13		2013-14		2014-15
		Target	Actual	Target	Actual	Target	Actual	Target
Increase access to improved sanitation and hygiene practices	46	50	53	55	53	60		65
Source: JMP 2013 Report.								

The actual access to improved sanitation and hygiene practices for the year 2013/2014 is at 53 percent against a target of 60 percent. This shows that the MGDS II output progress was off track and the target has not been realized. Table WS 2.4 gives a summary and challenges and recommendations for the water supply and sanitation sector.

Table WS 2.4: Constraints/Challenges and Recommendations for Water Supply and Sanitation in Malawi	
Constraints/Challenges	Recommendations
Policy	
i. Legal and Policy Framework Most of the existing policies and Acts are outdated and due for review. The delay in reviewing and approving these policies and legal instruments might cause a big challenge in the implementation of the NSP. For example, The Sanitation and Hygiene Bill is classified as an Upcoming Bill, 7 years after the NSP (2208) was adopted, still there is no Water Supply and Sanitation Act, still categorized as 'stalled' bill, other key legislative instruments pending; the Water Boards Corporatization Bill also pending.	GoM/Ministry of Justice/Parliament: Expedite the finalization and passing of all key bills with a view to accelerate progress in the sector.
ii. Financing: Resources to implement the WASH programs and projects have not been adequate in the MGDS II period, and even dating back pre-MGDS II period, resulting in the rescheduling of many projects, especially in urban areas. Outside of DP support to the WASH sector, government support has been highly constrained even unable to maintain existing infrastructure.	Explore innovative Public Private Partnerships in the sector with a view to adopting sustainable options of financing key programmes in the sector, for both the urban and rural population.

Sectoral	
<p>ii. Infrastructure related to WASH especially in urban areas. Very inadequate infrastructure for provision of sanitation in cities, municipalities, towns and districts. In the cities, sewerage systems are mostly blocked or broken down due to old age, vandalism and poor maintenance, hence not operating efficiently. Other sewerage systems have surpassed their design capacity due to increased population connected to the systems; very few public toilets and refuse collection points in the cities, towns, districts and market centres; also high cost of service provision due to lack of competition.</p>	<p>Implement a National Action Plan for the WASH Sector, with substantial stakeholder collaboration and public private partnerships, including DP involvement.</p>
Institutional	
<p>iv. It has taken many years for the sector to be managed and be coordinated through a fully fledged Sanitation Department in relevant Ministry. This is apart from human resources challenges where there is a shortage of skilled officers in the sector. Also the actions stated in the NSP cannot be guaranteed because various institutions have different mandates and institutional priorities are set in their respective planning budgets approved by Parliament.</p>	<p>GoM: Establish a fully fledged and capacitated WASH Department with clear mandate and requisite human resources and operational budget for priority national projects, undertaken sequentially as determined by the stakeholders in the sector and agreed to by GoM.</p>

13.11 Climate Change, Environment and Natural Resources Management (ENRM)

Overview

The definition of environment and natural resources management includes land, forestry, fisheries and water. For the purposes of this analysis mining and minerals are not included in this analysis, since the sector is covered elsewhere, on the basis of the MGDS II categorization of KPAs.

Malawi is endowed with a diversified natural resource base, which includes some of the most fertile soils for agricultural use in Southern Africa. The country has closed forest resources covering, abundant water resources and a remarkably diverse flora and fauna, of which the uniquely rich and diverse fish resources stand out. It has a tropical climate characterized by variable temperature, rainfall and relative humidity, which impact on various sectors in various ways. If properly utilized, these resources can provide the basis for sustainable socioeconomic development

of the country. However, these resources are subject to increasing pressure. However, there is alarming degradation of the environment causing significant soil erosion, loss of soil fertility, serious deforestation, water depletion, pollution and loss of biodiversity. As 85 percent of Malawians depend on these resources for their livelihood, the natural resource base is subject to increasing pressure. This is aggravated by the high population growth rate of 3.2 percent. Malawi's ecology is fragile and climate change is already having negative effects.

Climate change impacts in the country are manifested in various forms including through increases in short and long-run temperatures; shifts in seasonal precipitation patterns, frequency and intensity, resulting in different pests, diseases and their spread of diseases to new areas; increases in extreme events such as severe storms, flooding, droughts and dry spells; increased water demand and reduced water availability; climate-related changes in ecosystems; reductions in ecosystems ability to produce desired goods and services; and climate-related changes in social systems. Several studies conducted in the country have established that Malawi has experienced a number of adverse climatic hazards over the last several decades. The most serious have been prolonged dry spells, seasonal droughts, intense rainfall, river line floods and flash floods, since 1992. Some of these, especially droughts and floods, have increased in frequency, intensity and magnitude over the last few decades, and have adversely impacted on food security, water availability and security, energy and the sustainable livelihoods of rural communities. All these exacerbate poverty.

Malawi is among those countries with a low capacity to adapt to predicted climate change. The capacity limitation stems partly from the high levels of poverty and limited financial resources to address the challenges effectively. These challenges are exacerbated by inadequate alternative livelihoods (the economy is still largely agriculture-based), lack of alternative affordable and reliable energy sources, inadequate budgetary allocations, lack of institutional co-ordination and weak community participation in environmental and natural resources management.

Status and trends

Malawi faces a number of hazards, both natural and human-made, which include floods, drought, stormy rains, strong winds, hailstorms, landslides, earthquakes, pest infestations, diseases outbreaks, fire and accidents. The intensity and frequency of disasters have been increasing, in the face of climate change, population growth, urbanization and environmental degradation. Farmers in Malawi are directly affected by such disasters, as they are highly vulnerable to natural hazards. The Lower Shire, for instance, which constitutes a key agricultural region of the country, is prone to cycles of recurrent floods and droughts. Between 1967 and 2003, the country experienced six major droughts and 18 incidences of flooding, which heavily impacted smallholder farmers.

More recently, two major floods struck the country, including the district of Nsanje in January 2012, and the Mangochi District in January 2013, impacting many people and washing away large swathes of agricultural fields (GoM, 2015). These disaster events also resulted in the loss of life, infrastructure destruction (including roads, rail, bridges and homes), crop loss, perpetual food insecurity and health impacts (diarrhoea, cholera and malaria). In the case of Nsanje for instance, recovery and reconstruction needs were estimated at US\$7.3 million (GoM, 2015). The January 2015 rainfall was the highest on record for Malawi and constitutes a 1 in 500 year event, and caused significant flooding – predominantly in the Southern Region, exacerbating an already precarious situation for rural households in this region. It is estimated that the floods affected 1,101,364 people, displaced 230,000 and killed 106 people (GoM, 2015).

Malawi faces more pressure on its land resources now than before. By African standards, its land area of 94, 276 square kilometres is comparatively small. The 2008 Census and Housing Survey revealed that the population of the country in that year was 13, 077, 160 people, having increased at an average annual rate of 2.8 percent from 9,934,000 in 1998 (NSO, 2008). Population density was 139 people per square kilometres having increased from 105 people per sq. km in 1998. This makes Malawi one of the most densely populated countries in continental Africa, surpassed only by Burundi, Gambia, Nigeria, Rwanda and Uganda. The pressure on the limited land resources is particularly severe on Likoma Island with a population density of 580 people per sq. km and in Thyolo District with a density of 343 people per sq. km and it is lowest in Rumphi District with a population density of 35 people per sq. km (NSO, 2008). The effective distribution of population is likely to be higher because people tend to live and concentrate in valleys and on plains and avoid mountainous and hilly areas, which are included in measuring the size of land for the purpose of calculating population density.

Malawi's economic development and the livelihoods of its population are largely dependent on natural resources. However, inadequate alternative livelihoods, unaffordable energy technologies and uncoordinated policies continue to exacerbate environmental degradation leading to social and economic consequences. The Malawi-United Nations Country Assistance (UNCA) Report (2010) estimates that unsustainable natural resource use, costs Malawi US\$ 191 million, or 5.3 percent of the country's Gross Domestic Product (GDP) each year. In order for the country to experience sustainable economic growth and alleviate poverty, Malawi must conserve and protect its valuable environment and natural resources. In this regard, Government has implemented various measures to safeguard the country's natural resource base. These are highlighted in the environmental and natural resources management (ENRM) plans 2011/12 – 2015/16.

Environment and Economic Development

In Malawi forestry contributes as much as 5 percent to GDP, a figure which is significantly higher than originally estimated (Yaron et. al., 2010). For wildlife, although there is no separate official estimate of its contribution to GDP, Yaron et al. al. (2010) estimated that through eco-tourism it contributes 2.7 percent to Malawi's GDP. For example, the Department of National Parks and Wildlife generates revenue through visitors' utilization of the wildlife resources found in the different protected areas. The revenue is generated from consumptive and non consumptive uses. Revenue from consumptive use is from sales of trophies, honey and others. Trophies include hippo teeth, skins and meat. Other sources of such revenue are bird, game farming, game ranching and hunting licenses.

The fisheries sector directly employs nearly 60,000 fishers and indirectly over 500,000 people who are involved in fish processing, fish marketing, boat building and engine repair. Furthermore, nearly 1.6 million people in lakeshore communities derive their livelihood from the fishing industry. Fish provides over 70 percent of the dietary animal protein intake of Malawians and 40 percent of total protein supply. It also provides vital vitamins, minerals and micronutrients. Much of the fish is consumed in rural areas thereby contributing significantly to daily nutritional requirements to some of the vulnerable groups such as people living with HIV and AIDS, orphans and the poor. As a source of income, fish landings in 2011 had a beach or landed value of MK 19 billion.

Over 90 percent of the value of Malawi's exports is accounted for by natural resource sectors. Most of this originates from agriculture, with tobacco alone contributing about 67percent to the country's export receipts (GoM, 2010). The foreign exchange from these exports is an important determinant of national income in Malawi, as it finances the importation of capital and intermediate goods that are required by manufacturing industries and consumer goods, which are handled by the distribution sector. Thus, the economy of Malawi is linked to the environment in many important ways. Several economic activities, including production, consumption and waste disposal, affect and are affected by the environment.

Ultimately, the state of the environment determines the level of prosperity now and in the future. This underscores the need to examine changes both in the economy and in the environment to determine the impact on the environment of economic activities in Malawi and, conversely, how prudent use of the environment can promote sustainable development.

Despite the high economic value of natural resources and their role in the economy of Malawi, they are not used in a sustainable manner. There is evidence that forestry resources, for example, are degrading at a fast rate of 2.6 percent per year (World Bank, 2002). The main cause of this is agricultural expansion caused by rapid population growth. Inadequate

electricity generation, which results in electricity rationing, contributes to forest degradation by increasing firewood and charcoal demand in the major centres of Blantyre, Lilongwe, Limbe, Zomba and Mzuzu. Many natural resources continue to show declining trends, with significant economic ramifications that have yet to be accurately valued. For example, the total supply of fish is reported to have fallen by 20percent over the period 1987 and 2007 (Yaron et. al., 2010). Similarly, estimates based on a limited number of soil sampling sites indicate an average loss of 20 tonnes of soil per hectare per year (ibid). For wildlife, the cost of unsustainable use is said to be MK1.3 billion each year (Yaron et. al., 2010).

In addressing environmental degradation, a pertinent consideration is the organization of the economy, especially the agricultural sector. This sector is dominated by the small-scale sub-sector with many producing enterprises. The proliferation of small scale operations without access to modern means and techniques of production puts the environment at risk. At the same time it makes it difficult to enforce environmental laws and regulations.

Environmental sustainability in Malawi can be explained by examining the extent to which the country was able or unable to achieve Millennium Development Goal Number Seven (MDG 7), “to ensure environmental sustainability”.

For target 7A, Malawi used three indicators to monitor progress, namely:

- i. The proportion of land area covered by forest;
- ii. The proportion of area protected to maintain biological diversity; and,
- iii. Proportion of the population using solid fuels.

Trends in these indicators show that Malawi has not been able to meet this target. For example, the proportion of the land area covered by forest declined from 41.4 percent in 1990 to 36.2 percent in 2005, according to the 2014 Malawi Millennium Development Goals Report (GoM, 2014), Malawi has less than 32.8 percent of its land covered by forest, which is less than the target of 50 percent required to achieve the MDG Goal - a target missed.

There is also a strong indication that the ratio of the surface area protected to maintain biological diversity has also not significantly changed since 1990 when it was 0.16 percent. This has remained constant, implying that Malawi is off track in attaining the 2015 target of 0.18 percent. The proportion of the population that uses solid fuels has also been rising dramatically due to high incidences of poverty in both rural and urban areas. This too implies that the country has not been able to achieve the 2015 MDG target of 0 percent. (GoM, 2014).

The proportion of Malawi's environment expenditure to total government expenditure and the country's GDP for the six year period from the 2006/07 to 2011/12 period was 3.15 percent and 0.96 percent respectively. As an MGDS II KPA, Climate Change, Natural Resources and Environmental Management has received the least government allocation during the implementation period of the national development strategy, with less than 1 percent of national budget allocation between the period 2011/12 and 2015/16 (MFEPD, 2015). This is despite the sector contributing 8 percent to GDP (GoM, 2015). Funding to the sector for the implementation of key projects and programmes has remained heavily donor dependent, with no substantial funding from government to roll out programmes from pilot projects supported by DPs. Furthermore, Climate Change and Meteorological issues were excluded in the MGDS II KPAs, with only a peripheral reference, which meant they were really not a priority for the national development strategy (2011/12 – 2015/16).

In concurrence, with other assessments, there is very little linkage between the policy framework and budgeting in this sector (GoM, 2014). Many policies in environment and natural resources management have no deliberate connection with funding and financing issues that are necessary for the effective implementation of those policies. To address this general challenge faced the country, Malawi adopted a Medium Term Expenditure Framework (MTEF) in 1998. However, the pace of implementation of the Public Financial Management System and the IFMIS has been slow. Overall, the Malawi Government financial management system has been weak as evidenced by a massive plunder of government resources by business opportunists, civil servants and politicians in 2013.

As in previous years, allocation of funds to ENRM sectors has been ad hoc and experiential, not based on formulas. In the absence of a resource allocation formula there has been room for subjectivity and lack of fairness in resource allocation. Within the sector, a mechanism of ensuring improved practical collaboration with district councils in the management of the environment and natural resources is being developed.

Both before and during the MGDS II period, many policies in ENRM advocate for collaboration with local district councils to deliver their agenda. However, the councils do not have adequate human and complementary resources and lack operational capacity to deliver.

The 2014 Public Expenditure Review (PER) also notes that except for the draft National Climate Change Policy (2012), most of the policies in ENRM have no financial or investment goals and strategies. This further makes their implementation problematic. Added to this challenge, all the key ministries involved in ENRM were unable to achieve their plans in full due to resource constraints, in particular, with the situation following the withdrawal of DPs to budget support.

The absence of duly approved policies coupled with lack of deliberate strategic responses frustrated achievement of national and international goals, in particular, the MGDS II and the MDGs. Disaster Risk Management, National Climate Change, Aquaculture and Fisheries and Forestry policies are in draft form; the National Environmental Plan (NEP) has been due for revision since 2009. It is critical to ensure that these policies are finalized and approved so that they provide a direction towards achievement of institutional and national goals.

The key challenges faced are degradation of resources from loss of forest cover and the high dependence by the majority of the population on solid fuels for energy (almost 100 percent of the rural population and 85 percent of the urban population). As a result, about 27 percent of Malawi's 9.4 million hectares of land area under forest cover is disappearing at the rate of 2.6 percent per annum (AfDB, 2014). The main environmental issue is land degradation, resulting from significant loss of soil fertility, soil erosion, deforestation, water depletion, pollution and loss of biodiversity.

Waste Management

This is a sub-component which, although it does not appear anywhere as a KPA intervention area, is important in the broader environmental management. In Malawi, as population density and the rate of urbanization rise, waste management is a growing and greater challenge. In future, waste management is expected to become even more difficult. Various types of indecomposable wastes are generated in Malawian cities, which, if improperly managed, negatively affect the aesthetic value of the environment and increase the prevalence of long-term pollution. Disposal of waste can be problematic and create human and environmental health problems. The Malawi State of the Environment Outlook (2010), shows that about 50 percent of households dispose of their waste in rubbish pits. In most cases, households from the selected locations in the cities of Lilongwe, Blantyre and Mzuzu dumped waste in a pit within the plot (42.3 percent), or by throwing waste on roadside (11.9 percent). A significant number of households (25.4 percent) did not say where they dump waste (GoM, 2010). From this, it can be supposed that many respondents dump waste anywhere they can find empty space. Such behaviour may give rise to epidemics and create breeding grounds for disease vectors. Interventions to convert waste into biogas as a source of energy are weak.

Climatic Change Challenges in Malawi

Malawi has identified a number of challenges from various sectors that limit the response to the impacts of climate change in the country. The sectors include water, energy, agriculture, fisheries, land use change and forestry, wildlife, human health and gender, among others. Table 2.1 shows challenges and recommendations stated for Environment, Natural

Resources and Climate Change, in the context of MGDS II and the successor strategy.

Table EN 2.1: Constraints/Challenges and Recommendations for Environment, Natural Resources, and Climate Change in Malawi

Constraints/Challenges	Recommendations
i. Agriculture: Inadequate capacity and training at individual and institutional levels in the implementation of policies, rules and regulations, especially on soil and water conservation, complying with planting of trees on a certain percentage of the farm or estate land; and lack of robust gender mainstreaming in all programmes..	Strengthen policy implementation, management and coordination capacity in the sector, institutional, human resources, numbers (quantity and quality); stronger Sector Working Group, stronger linkages between sector Technical Working Groups and the sector's TWG on Cross Cutting Issues, Update Agriculture Policy and align to other sectoral strategies and national development strategy.
ii. Water: Inadequate expertise and equipment to determine the number of streams that dry-up annually; areas where water is chronically scarce and limiting number of boreholes drilled annually; poor maintenance of drilled boreholes; rise and fall in lake levels; and the monitoring of groundwater levels.	Government invest in developing human resources and strengthening technical and financial capacity in the sector
iii. Forestry: Inadequate capacity to promote investment in forest industries, update information and data on deforestation rates, and the contribution of Agriculture, Forestry and other Land-Use Sectors to Gross Domestic Product (GDP); low staff morale and meagre capacity for law enforcement; also lack of capacity to guide multiple users of forests and forest products, especially on customary land, forest and game reserves and industrial plantations. The sector also lacks capacities to develop a Payment for Ecosystem Services	Government build stronger human resources and technical capacities in the sector; Enhance the current reforestation and environmental rehabilitation programmes in degraded areas involving local communities and District Assemblies (DAs); and train local communities (with emphasis on male involvement) and staff.
iv. Wildlife: Various aspects of wildlife management and conservation that require to be addressed include: research; poor incentives and low morale of staff to make the sector attractive for investment and tourism; meagre law enforcement capacity to reduce poaching owing to lack of sufficient infrastructure for transport and communication; enforcement of wildlife trans-boundary agreements and regulations; legal	Government in collaboration with development partners invest in implementing turnaround strategies to make the sector vibrant again, aligning it the tourism sector and other sectors such as agriculture and food security, industry and trade.

	framework and compliance for collaborative management with communities; current information on eco-tourism related resources and products in national parks, wildlife reserves and nature sanctuaries, such as historical, cultural, natural, spiritual and archaeological sites. Malawi also lacks an updated database on the dwindling rates of wildlife due to climate change related factors.	
v.	Fisheries: Low fish catches due to environmental degradation and the pollution of the waters; and dwindling spawning areas and drying of water bodies. HIV prevalence in fishing communities.	Rebuild fish stocks in Lake Malawi, , among others., and more efficient management and utilization of available water bodies, based on development best practice. Diligence implementation of the National Strategic Plan on HIV and AIDS in respect to fishing communities as a vulnerable population.
vi.	Mining: Laxity in the enforcement of mining laws and poor harmony of regulatory frameworks among forestry, agriculture, wildlife, mining and tourism; and lack of know-how and specialist skills in mining and industrial processing; low local content; poor participation of women in the mining industry.	Government enforce mining laws and harmonize regulatory frameworks with other sectors, building specialist skills in mining and industrial processing. Strengthen the artisanal and small scale mining sector and promote women in mining. Promote the participation of both women and men in local content.
vii.	Energy: Lack of equipment and technical knowhow for estimation of Greenhouse Gases (GHGs) from the Energy and Transport sectors; low investments in off grid electricity technologies; low levels of adoption of alternative sources of energy that suit all population groups; inadequate gender responsive strategies to address energy poverty for women and to make all aspects of the energy sector socially inclusive.	Adopt measures for efficient implementation of energy policy; government and DPs invest in enabling development of a vibrant and growth enhancing sector; and build capacity in gender mainstreaming in all energy subsectors. Scale up investments in off grid electricity in order to reach all rural social services, remote rural areas and poor households.
viii.	Waste Management: Lack of capacity in waste management such as waste composition; degradable organic carbon; fractions to municipal solid waste deposited in sewerage disposal facilities, solid waste incinerated in hospitals and clinics; and industrial waste water treatment plants.	Develop capacity in waste management at central and decentralised levels; devise clear approach to Environmental Education and management by all stakeholders including children, enabling the younger generation to learn the basics of waste management; build capacity in using waste for energy.
ix.	Unabated plunder of the environment	Government should expedite approval of

and natural resources, and significant losses to GDP	<p>the Environmental Management Bill so that a National Environmental Protection Agency is established to oversee the protection of the environment in the country; update the NEP (2004) to ensure full alignment with present priorities and challenges.</p> <p>Government expedite the following: Alternative livelihoods strategies for the poor and employment opportunities in a highly informalized economy; approval of the SME Bill, implement the MSME policy, National Employment Policy and other key sectoral policies and strategies, legislative and regulatory instruments. Implement bold gender sensitive, broad-based economic empowerment plan, with a focus on job-rich employment creation; formalizing large segments of the informal sector, diverting the poor from plunder of the environment and natural resources.</p>
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13.12 Youth, Population and Demographic Dividend

Overview

The MGDS II did not address youth development as a KPA. However, indications are that this is a sector where substantial attention needs to be paid in the next national development strategy and at multi-sectoral level, given the sensitivity of the subject and potential long term negative consequences to derail or advance the development agenda.

Population Structure

Currently, the Malawi population is estimated at 17.03 million and it is fairly youthful with 47 percent of the total population being under 15 years. The working age population (WAP), defined as those in age 15-64, represents 50 percent of the population and 3 percent are aged 65 and above. The general rate of economic activity is high, at 89.7 percent of the WAP. Economic activity rates were higher among males (91.7 percent) than females (88 percent). The bulk of the labour force is youthful with about 48 percent of the total labour force being under the age of 30 years and 64 percent of the country's labour force, has no education. The youth, defined as population aged 15-35, in the 2013 National Youth Policy, represent 32.8 percent of the population (see Table Y 2.1).

Table Y 2.1: Population Structure by Age and Location (Rural and Urban), Percentage, Malawi 2013

Age group	TOTAL			Urban			Rural		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
0-4	15.5	16.0	15.0	13.6	13.3	13.9	15.8	16.5	15.1
5-9	16.8	17.1	16.5	14.4	14.7	14.1	17.1	17.5	16.8
10-14	15.0	15.2	14.7	13.9	14.1	13.8	15.1	15.4	14.8
15-19	11.3	11.6	10.9	12.0	11.5	12.4	11.2	11.7	10.7
20-24	7.9	7.3	8.4	10.4	10	10.8	7.5	6.9	8.1
25-29	7.3	7.2	7.4	10.1	9.4	10.8	6.9	6.9	7
30-34	6.3	6.2	6.4	8.9	9.5	8.3	5.9	5.7	6.1

Source: NSO, 2014

Malawi Labour and Employment Policy

The GoM recognizes that employment and labour are critical for the country's economic progress and in poverty reduction. In this regard, the Malawi Government and its social partners formulated the National Employment and Labour Policy (NELP). The NELP is a five-year strategic document (2014-2019) that provides a framework that guides the country's efforts towards promoting productive and decent employment and enterprise development; compliance with labour standards by employers, investors and workers; social protection and social dialogue (NSO, 2014). The policy identifies the following as priority areas: Economic Growth and Employment; Labour Market Information; Skills Development and Labour Productivity; Private Sector Development and Job Creation; Micro, Small and Medium Enterprise Development; Labour Administration and Labour Standards; Employment of Women and People with Disabilities; Youth Employment; Labour Emigration and Immigration, and; Agricultural Sector and Employment. The policy was developed in the context of the Malawi Decent Work Country Programme 2011-2016, the Malawi Growth and Development Strategy (MGDS) II 2011-2016.

Youth Employment

Overall, 77 percent of the youth were employed, with male youths (83.1 percent) more likely to be employed than their female counterparts (71.8 percent). However, this masks massive underemployment and vulnerable employment in the information, where the vast majority of the youth are located. Employment rate are 12 percentage points higher in rural than urban areas and in both male employment rates are higher than females. Rural employment rates are about 20 percentage point higher among rural females than urban females and 7 percentage point higher among rural youth than urban youth. These differences may reflect the neglect of

education among rural females and involvement in employment as a default. Two important trends can be observed. First, across the nation, location and gender, the rate of employment rises with age. Similarly youth employment rates are an inverted u curve with high rates for those with no education and those with tertiary education and lower rates from primary and secondary education. Table Y 2.2 shows youth employment by age and education level.

Table Y 2.2: Youth Employment by Age, Level of Education and Rural or Urban Location, Malawi 2013									
		National		Urban			Rural		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
Total	77	83.1	71.8	66.4	77.3	55.9	78.7	84.1	74.2
Age Group									
15-19	70.5	71.9	69.3	46.9	53.1	41	72.8	73.7	72
20-24	74.4	80.7	69.5	56	66.7	46.6	77.3	83.1	72.9
25-29	81.3	90.3	73.7	72.6	85.8	60.4	82.9	91.2	76.1
30-34	82.1	89.8	75.1	80.8	90.6	69.6	82.3	89.7	76
Education Level									
None	78.2	83.8	74	65.9	78.8	56.3	79.3	84.3	75.6
Primary	75.7	84	68	63.4	75.8	51.9	78	85.6	71
Secondary	73.1	78.6	65.8	66.5	76.4	53.8	76	79.5	71.2
Tertiary	81.2	82.1	79.4	78.8	79.8	77.3	83.4	83.9	82

Source: NSO, 2014

Youth Unemployment

Measurement of Youth (un)employment is fairly complicated in Malawi since it depends on which definition of youth is used²⁵ and whether one uses the broad or strict definition of employment²⁶. Malawi's 2013 Youth Policy defines youth as population in the category 10-35 years. As such the youth working age population is categorized as 15-34.

Table Y 2.3, shows unemployment rates for the youth in the age bracket, 15 – 34 years.

²⁵ The ILO defines youth as those between the ages of 15 and 24. SADC defines youth as those aged between 15 and 34.

²⁶ Under the broad definition Youth unemployment rate is the percentage of youth in age group 15 – 34 years who, during the reference period of one week were unemployed (**without work and available to work**). Under the strict definition, Youth unemployment rate is the percentage of youth in age group 15 – 24 years and 15 – 34 years who, during the reference period of one week were unemployed (**without work, available to work and seeking work**)

Table Y 2.3: Unemployment Rate (Broad Definition) by Age, and Urban or Rural Location, Percentage, Malawi 2013

	Total	TOTAL		Total	Urban		Residence		
		Male	Female		Male	Female	Total	Male	Female
National	20.4	14.3	25.7	28.2	17.6	39.2	19.2	13.8	23.9
Total 15-64									
Age Group									
15 – 19	29.5	28.1	30.7	53.1	46.9	59.0	27.2	26.3	28.0
20 – 24	25.6	19.3	30.5	44.0	33.3	53.4	22.7	16.9	27.1
25 – 29	18.7	9.7	26.3	27.4	14.2	39.6	17.1	8.8	23.9
30 – 34	17.9	10.2	24.9	19.2	9.4	30.4	17.7	10.3	24.0

Source: NSO, Malawi Labour Force Survey, 2014

Nationally, the unemployment rate for the population aged 15-64 years is 20.4 percent, with women having a higher rate of 25.7 percent than men with 14.3 percent.

Youth unemployment is highest among the 15-19 year age group (30 percent) and lowest in the 30-34 age category (at 17.9 percent), reflecting lack of both education and labour market experience. Unemployment is a bigger problem in urban areas, with urban youth unemployment estimated at 28.2 percent (17.6 percent among young men and 39.2 percent among young women) while it stands at 19.2 percent in rural areas (young women – 23.9 percent; young men – 13.8 percent).

Although unemployment for the educated is lower relative to the other education levels it will emerge as a main problem in the next couple of years since public universities have doubled in-take since 2012 and those graduates will start entering the labour market in 2016.

Achievements Under MGDS II

Under MGDS II, and indeed the National Youth Policy of 2013, a number of strategies were contemplated including improving youth's technical, vocational and entrepreneurial and life skills; improving youth access to credit facilities for entrepreneurship; constructing and rehabilitating sports infrastructure; and strengthening and establishing youth development centres. Unfortunately domestic funding to the sector has been low, leading to non-implementation of many planned activities, save for those funded by donors.

Credit facilities for youth enterprise and development were created and provided but not sustained. Under the Youth Livelihood and Economic Empowerment Programme, government established and launched the Youth Enterprise Development Fund (YEDF), which sought to ease youth access to enterprise development and financing. In the 2010/11 fiscal year, the first phase of loan disbursement provided 11,659 loans worth

MK676,630,850 and equipment worth MK29,460,194 to youth beneficiaries. However, due to lack of proper due diligence and monitoring systems, some ineligible people accessed the funds using youths as a front and the Fund was unable to recover money loaned to the youth under this phase. As a remedy subsequently YEDF was merged with the more general Malawi Rural Development Fund (MARDEF) thereby losing the youth focus.

There is political will to improve youth technical and vocational skills.

Improving youth technical vocational skills has become a major plank in the new administration's drive to reduce youth unemployment and so far about 22 district technical colleges have been built. The capacity of these vocational skills centres to sustainably enable the youth to have decent employment and enter the labour market cannot be ascertained. With respect to constructing and rehabilitating sports infrastructure, under a loan from China, Malawi has built a national stadium in Lilongwe. With collaboration from Clinton Foundation a Youth centre has been built in Neno.

Table Y 2.4, highlights key constraints/challenges and recommendations for the Youth.

Table Y 2.4: Constraints/Challenges and Recommendations for the Youth in Malawi	
Constraints/Challenges	Recommendations
Policy level	
i. Lack of clear policy direction and pro-youth development sensitive policies and strategies at national level, supported by a budget to implement youth development strategic plan	Government must lead development of clear youth development sensitive policies and strategies at national, sector, sub-sector and micro levels, accompanied by an implementation framework supported by adequate financial and human resources: Given the large share of youth in the total population, policies and programmes targeting the youth need careful planning, with clear targets set for the immediate, medium and long term.
ii. High levels of unemployment/and under-employment amongst young women and men in Malawi, with large proportion of the youth in vulnerable employment; continued lack of substantial access to decent jobs for the youth.	Comprehensive and inclusive pro-employment job-rich growth targets for Malawi. The GoM needs to develop engendered employment and poverty reduction targets as a matter of priority. In view of the enormity of the youth unemployment and challenge with decent jobs creation strategies for Malawi. This Review Report advocates for comprehensive and inclusive pro-employment job-rich growth targets for the country. The National Youth Policy and the Strategic Plan can be a useful starting points for this effort.
iii. Lack of labour market information system, no up-to-date statistics on youth employment/unemployment,	Improvement in labour market information system: Addressing the key issue of youth unemployment requires accurate data on the situation prevailing in

including young women and men in vulnerable employment. This poses a major challenge national planning	both the formal and informal sector. Currently, the state of labour market information in the country is a challenge, giving rise to use of estimates of employment and unemployment figures, which can be avoided if an effective national system is established. The estimates may be far removed from reality, hence the need to have more accurate statistics. These should be based on what is prevailing on the ground, especially in measuring levels of under-employment in the non-formal sectors; researching on the potential drivers for growth in employment and what is required to catapult more self-sustaining job-rich growth.
iv. Lack of entrepreneurship amongst the youth, mismatches in supply and demand for labour, lack of skills, low technological capabilities overall amongst the youth (capacity to adapt, adopt new production processes/methods, innovation, business organization, information technology, marketing)	Strengthening the capabilities of micro, small and medium enterprises (MSMEs), being the starting point for entry into decent jobs for a large proportion of the youth. For this to happen substantial investment is needed in strengthening the technological capabilities of small businesses in a country where the vast majority of them are non-formal and operate well below poverty income levels. GoM: Establish measures to generate a significant number of decent jobs for young women and men.
v. The Malawian Technical Education Training Authority (TEVETA) has remained highly inadequate in meeting the growing challenge youth unable to enter university or polytechnics but requiring market oriented training. This has led an unsustainable number of young women and men to be helpless, against a background both of lack of opportunities for training to be productive and shortage of decent employment.	GoM: Revamp Technical Vocational Education Training (TVET), with a view to matching better supply and demand for labour in the market place.
vi. Meeting the challenges of out-of-school youth and children: There is a large proportion of children out of school. Whilst it is noted in this report that the GoM has shown strong focus in developing the primary schools system in the country, with the support of DPs active in Malawi, in view of the magnitude of the challenge, where it is estimated that at least 50 percent of the youth are out of school and unemployed,	Need for strong Government commitment and leadership in addressing the out-of-school challenge in the country; but investigate adequately the state of out-of-school children in Malawi and offer options to address the challenge.

13.13 Democratic Governance

Overview

The Democratic Governance Sector Working Group is one of the functional sixteen sector working groups for Malawi. Nineteen institutions are aggregated under the Democratic Governance Sector.²⁷ The sector working group was operationalized by the formulation of a 5 year Democratic Governance Sector Strategy (DGSS, 2013 – 2017) that would provide direction to the nineteen sector institutions in order to achieve six Key Result Areas, namely: (a) effective democratic governance sector institutions; (b) strengthened rule of law, improved access to justice, public safety and security; (c) improved promotion and protection of human rights; (d) free and credible elections; (e) transparent and accountable and responsive democratic governance sector institutions; and (f) more effective, independent and representative legislature. These were supported by a Democratic Governance Sector Reform Investment Plan by Key Result Area. Most of the Democratic Governance Sector institutions have either already aligned or are in the process of aligning their strategic planning documents to the DGSS.

General Observations on Governance and Doing Business in Malawi

According to Table DG 2.1, from a 2012 baseline, the governance dimension of Malawi's competitiveness in doing business (Work Bank ranking) has drastically improved in the area of dealing with construction permits, and marginally improved in the area of property registration. However, Malawi has significantly slackened in the areas of protecting minority investors. It is also not fairing well in the areas of enforcing contracts and starting business.

²⁷ The Judiciary, National Assembly, Financial Intelligence Unit, Ministry of Internal Affairs and Public Security, Malawi Police Service, Malawi Prison Service, Malawi Immigration Department, Ministry of Justice and Constitutional Affairs, Directorate of Public Prosecutions and State Advocate, Registrar General, Administrator General, Legal Aid Department, Human Rights Commission, Malawi Electoral Commission, Anti-Corruption Bureau, Office of the Ombudsman, Law Commission, Ministry of Defense and Malawi Defense Forces, MDF.

Table DG 2.1: Malawi's Competitiveness (Rank): The Governance Dimension, 2012 - 2016			
Indicator/topic	2012 (Baseline)	2015	2016
Starting a business	139	158	161
Dealing with construction permits	167	64	65
Registering property	95	92	93
Enforcing contracts	121	145	147
Protecting minority investors	79	114	115
Source: DGSS 2013-2017; World Bank Doing Business Data			

Assessment of MGDS II Areas of Focus

The MGDS II focuses on democratic governance as a subtheme of good governance. It recognizes that broad based growth and improvement in the quality of life and social wellbeing flourishes with good democratic governance. At local level, good governance (through decentralization) entails the creation of a democratic environment and institutions at district and community levels, promotion of accountability, encouraging local participation in decision making and mobilizing masses for socio-economic development in their respective areas. Decentralization is one of the implementing tools for local governance.

Democratic governance sub-themes are (a) justice and rule of law, (b) human rights, (c) elections, and (d) peace and security. Corruption is considered a cross cutting issue that affects all elements of governance. It has the negative impact of retarding growth and development activities, increasing the gap between the rich and the poor, and discouraging investments. Therefore, strategies would aim promoting integrity, transparency and accountability with the ultimate goal of curbing corruption and fraud at all levels.

Justice and Rule of Law

The MGDS II intended to foster the independence and credibility of the judicial system; promote supremacy and respect for the Constitution; strengthen capacity of sector institutions; promote law reforms to consolidate democracy and human rights; increase citizen awareness of the country's laws, procedures and institutions; enhance consistency of domestic laws with international standards; promote a justice and legal system that is responsive to marginalized groups; and promote a people-centred, accessible, affordable, and expeditious justice system, among other strategies.

During the MGDS II implementation, the Malawi judiciary has maintained its good reputation of being independent, despite recurring tensions between the judiciary and the executive over power, resources and

independence. With poverty reduction being the primary justification for improving the justice subsector, it has always been important that interventions in the formal sector should be poverty focused, including by strengthening avenues of justice delivery that are most accessed by the poor and most vulnerable (for example, Magistrate courts, the Child Justice Court, Victim Support Units, Child Protection Units, among others). Victim Support Units and Child Protection Units are largely donor funded, but their existence nevertheless strengthens the relevance of responses to poor men and women that are in need of such specialized services. Inadequate knowledge and access to relevant laws is the major problem that affects these structures.

Access to formal justice, especially for rural women and the poor continues to be problematic due to distance, inadequate court personnel (for example, to run mobile clinics), court delays, among other challenges. While some construction projects to improve court infrastructure have been implemented, progress remains very slow due to inadequate resources. Magistrate courts remain grossly underfunded, and in general funding for the judiciary has been inadequate. For example, while the Judiciary managed to conclude only 50/percent of its planned cases (23,320 cases) with a budget of MK 4.4 billion in 2014/15 financial year, in 2015/16 it has been allocated MK 3.9 billion for 103,990. The impact of inadequate resources has mainly affected magistrate and child justice courts, which are mostly accessible to women and children respectively. Additionally, civil cases, which mostly affect women and children, may be under prioritized at the expense of criminal cases.

On a positive note, the establishment of the Legal Aid Bureau, which became operational on 16 March 2015, is a good effort to make improve access to justice by the marginalized. The Bureau will have offices in all 28 districts, and this will be done in phases, beginning with 10 districts. For the Bureau to be effective and efficient, there is need to increase its the human resources (which in June 2015 had 9 lawyers, 20 paralegals and 17 support staff). Financial resources that are not donor dependent should also be guaranteed. In efforts to ensure the consistency between domestic laws with international standards, GoM has made progress in enacting the Disability Act (2012); the Gender Equality Act No. 3 of 2013; the Marriage, Divorce and Family Relations Act No. 4 of 2015 and the Trafficking In Persons Act No, 3 of 2015. While these laws are directly relevant to the poor, marginalized and vulnerable, their mere presence cannot contribute to sustainable growth and poverty reduction. Resource commitments and multi-sectoral responses for comprehensive implementation remain weak.

In terms of citizenry knowledge, there is increased knowledge of courts and police as justice delivery structure. However, a 2014 assessment of the State of Democratic Governance in Malawi (focusing on political participation, civic education and democratic accountability) found that the Ombudsman

and Malawi Human Rights Commission remain little known in terms of their roles, internal functioning and how citizens can use them for their purposes. Awareness of laws in Malawi is unsatisfactory if one is to draw from the knowledge of laws related to gender based violence (GBV) in 17 districts (Table GE 2.2, Section 13.14) ²⁸. These obstacles hinder efforts to fully promote a justice and legal system that is responsive to marginalized groups; and promote a people-centred, accessible, affordable, and expeditious justice system.

Human Rights

Under the MGDS II, Government aimed to achieve protection of rights and freedoms enshrined in the Constitution and achieve (a) enhanced awareness and practice of human rights and responsibilities; (b) improved respect for human dignity and choice; and (c) enhanced equitable access to opportunities. These outcomes would be attained through: enhancing human rights awareness and education; promoting equitable access to economic, political and social opportunities; strengthening legal protection and equitable treatment for marginalized populations, women and children; ensuring respect for prisoners' rights; eliminating all forms of discrimination; and strengthening capacity of human rights institutions. The Prisons Act has been reviewed, and need to be enacted without the delay that characterizes the passing of most of Malawi's bills.

Malawi Human Rights Commission (MHRC) is the lead authority in the promotion and protection of human rights in Malawi. MHRC has led the process of Universal Periodic Review, coordinating the compilation of country reports in 2010 and 2014, as well as a UPR progress review report in 2013. Other institutions that play significant roles in protecting and protecting human rights include the Ministry of Justice, the Law Commission, the Office of the Ombudsman and the Prison Inspectorate. There are about 105 human rights civil society organizations that compliment government efforts on issues of human rights and democratic governance. The Democracy Consolidation Programme and other stakeholders have contributed a lot to raising awareness about human rights.

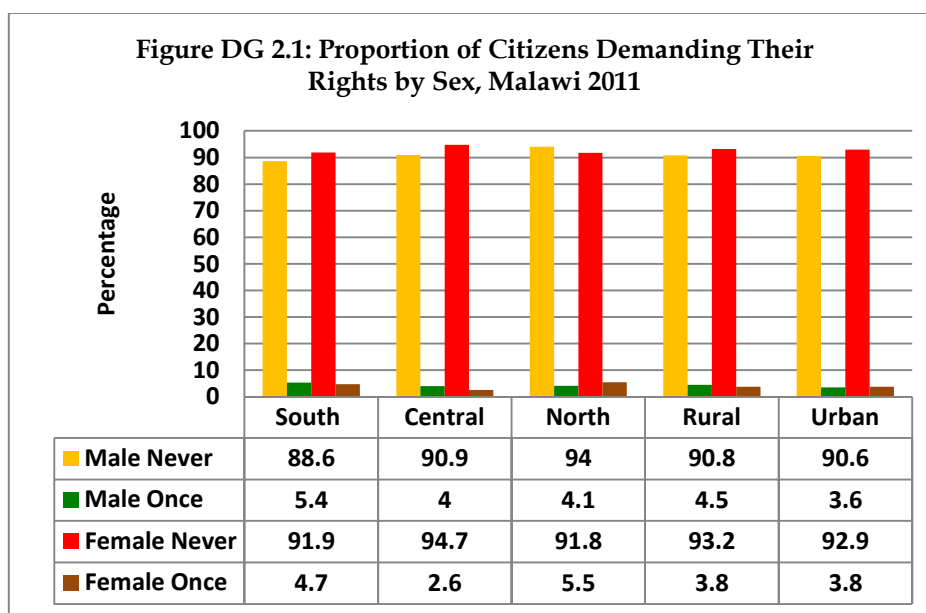
However, awareness programmes and human rights programmes in general remain uncoordinated, largely due to the absence of a National Human Rights Action Plan (NHRAP) during the MGDS II implementation period. To note is the fact that Malawi has had previous plans of previous plans of 1994-1996 and 2004-2011. However, both plans were poorly implemented and known. The plan that expired in 2011 did not even serve as the framework envisioned for Government efforts to promote and

²⁸ Captured under 'Enhancing awareness on GBV and strengthening GBV service delivery systems'.

protect the full range of human rights in Malawi, nor did it serve as a guide for concrete actions to improve the human rights situation over the many priority areas that were identified. As such, human rights programming has been fragmented.

Currently, MHRC and the Ministry of Justice and Constitutional Affairs are coordinating work to develop a future NHRAP, which will operate between 2016-2020. This NHRAP, whose underpinning principles are gender mainstreaming and human rights based approach, is expected to be a framework for accelerating inclusive development through the promotion of economic and social rights. Further, it is expected to be more realistic in prioritizing key human rights issues for multi-sectoral action. The plan will offer guidance for sectors to address human rights issues that create barriers for diverse community groups to benefit from and/or contribute fully to development. However, the fact that the future NHRAP is being developed before the MGDS II is potentially a complication, as it is not being drawn within the context of national development policy priorities. On the other hand, the thorough consultative process that has been invested in the development of the future plan would provide the assurance that it is addressing priorities of the moment that will have to be embraced by the MGDS II successor.

For now, progress in the human rights dimension is mixed. An assessment of democratic governance in Malawi (UNDP, 2014) established that civic education on local governance, especially in areas that have CSO projects, has empowered some communities to demand accountability and responsiveness from duty bearers. However, these projects are few and depend on donor funding. While there is need for more updated data, a 2011 baseline study of the Democratic Governance Sector revealed that there is worrying inability of ordinary people to make a link between service delivery and constitutionally guaranteed rights. Figure DG2.1 suggests that though both men and women know that they ought to demand rights, only a negligible number is able to make demands.



Source: Democratic Accountability Baseline, 2011

The ability of citizens to report human rights violations is also significantly low too. The baseline established that in urban areas, 95 percent of men versus 93 percent of women had never demanded their rights. For rural areas, the figure stood at 92.4 percent respectively. Forging ahead, it is important for human rights to be at the centre of efforts to reduce poverty amongst men and women, because poverty is one of the major barriers to the realization and enjoyment of human rights, particularly social and economic rights. Poverty undermines access to basic rights and needs like food, water, education and shelter, health , among others.

Elections

The MDGS II aimed at promoting free and fair elections and enhancing the credibility and management of electoral process and ensuring independence of elections governing bodies. This would be done through transparent and democratic electoral process; and political parties with clear ideologies and functional internal democracy. Findings of the assessment of democratic governance in Malawi (UNDP, 2014) demonstrate that while citizen participation in politics is highest in electoral processes, it is lowest in internal political party processes due to low uptake levels of internal party democracy. Women's political participation continues to be low, especially in leadership positions. The main barriers are social values and hierarchies, the tendency to trivialize women's voices. The 2014 General Elections are evidence of the barriers that women continue to face in politics, since women now constitute only 16.7 percent of MPs and 11 percent of local councilors.

The review of electoral laws was one of the strategic activities aimed at facilitating free and fair elections. Drawing lessons the 2014 General

Elections, Malawi Electoral Commission is spearheading a consultation process on several electoral reforms, including exploring how to improve the participation of women in political offices. One of the focus activities of the MGDS II was to encourage 50:50 representation in political parties. It is also noteworthy that advocacy for 50 percent representation of women in political party leadership and decision making positions was planned under the gender thematic area. This is consistent with the SADC Protocol on Gender and Development (2008),²⁹ which calls for the realization of 50 percent women representation in decision-making positions by 2015. However, the figures above show that this result has not been achieved in the 2014 elections.

It can be argued that the MGDS II strategies 'to encourage' and 'to advocate for' were not strong/decisive enough to independently guarantee meaningful progress for women in the political space. On the other hand, the planned action 'to conduct periodic reviews of laws,' should have been seen as a necessary complementary strategy for facilitating the enactment of proposed amendments to electoral laws by that were made by Malawi Law Commission, through the Special Law Commission that was developing the gender equality statute in 2008. These proposed amendments stipulate that every registered political party that is participating in an election should guarantee and maintain candidate lists in which there is a minimum of forty percent and a maximum of sixty percent representation of either sex.

However, the amendments were not passed together with the Gender Equality Act in 2013. The 50:50 campaign, which should have provided leadership, did not ride on the existence of the proposed amendments to make law reform advocacy part of the campaign. This either suggests that there was little knowledge of the existence of the proposed affirmative law, or that the campaign was left too late. In general, the 50:50 campaign was not successful, and findings of its review need to provide lessons in the planning of strategic election related interventions.

The future National Human Rights Action Plan too is planning to focus on promoting free, fair and credible elections. The review of electoral laws, currently on-going, is likely to be a priority along with the review of rules governing political campaign on the use of public media and the maintenance of an up-to-date voters roll. Robust measures are also being recommended in order to increase women's participation in politics and decision making at all levels. These include: policy and law formulation/review; advocacy for affirmative action; formulation of regulations to facilitate the implementation of the Gender Equality Act No. 3 of 2013 , among others.

²⁹Ratified by the Government of Malawi in June 2013.

Peace and Security

Under the democratic governance sub-theme of *peace and security*, Government would ensure that peace and security continues to prevail as a prerequisite for ensuring a conducive environment for business and economic activity. This would be achieved through improved methods of promoting national security and public order; and improved partnership and participation of all members of the public on issues of peace and security.

Specific activities included the introduction of national identity cards, which have been budgeted for in the 2015/16 FY (K627.50 million). A national registration and identification system is an important measure for combating human trafficking, and addressing the rampant challenge of child marriage, among others. While zero tolerance of corruption was to be promoted, there has not been ongoing budgeting for this intervention throughout the MGDS II implementation phase. Yet, police was ranked as the most corrupt institution in the country by the 2013 Global Corruption Barometer. Corruption denies the economically or politically disadvantaged and the marginalised equal and impartial justice and services.

Security continues to be a growing concern in Malawi. The 2015/16 budget for the Malawi Police Service is perhaps a good indicator of investments that GoM is making in peace and security. The Malawi Police Service is allocated an estimate of K21.75 billion in the 2015/16 FY, representing a 68 percent increase from the approved estimate in the 2014/15 FY. Out of this allocation, about K14.282 billion is for crime policing and K2.968 billion for maintaining public order. It has been argued that more resources, financial prudence and sophisticated measures of combating crime are needed, including to arrest crimes that are targeted against people with albinism.

Malawi has established the National Peace Architecture and action plan. This contains mechanisms that have been created and adapted by the citizenry in order to meet the needs of their social, cultural and political environment. The peace architecture is expected to help in overcoming and/or resolving sources of conflict that are potential threats to insecurity and stability in the country.

The provision of infrastructure was also a priority activity under MGDS II. In 2015/16 FY, the Ministry of Home Affairs and Internal Security has budget allocations for staff houses for immigration (K100 million) and police staff houses programme (K150 million). The amounts suggest that the need to improve the welfare of security personnel through decent housing, which is an acute need, will take some time to resolve.

Table DG 2.2 presents a summary of the binding constraints/challenges

and recommendations in Democratic Governance.

Table DG 2.2: Constraints/Challenges and Recommendations for Democratic Governance in Malawi	
Constraints/Challenges	Recommendations
i. The sector continues to be affected by challenges related to: inadequate alignment between many institutional policies to the goals and mandates with existing laws and regulatory environment; poor implementation of existing laws and policies due to lack of implementation capacity and resources; low capacity by the sector to jointly lobby for resources or implementation of planned improvements.	Conduct sectoral analysis of the obligations of sector institutions to support the implementation of relevant laws, including gender related laws, and develop institutional implementation plans that should be implemented through the budget. Periodically identify strategic key priorities within priorities in order to concentrate resources in high impact interventions.
ii. Sector institutions still require adequate capacity in foundational skills (including full appreciation of human-rights based approaches), technical skills and specialized skills which are necessary for the performance of their mandates.	Develop a comprehensive sector capacity training plan that fully takes into account the future National Human Rights Action Plan and which should be strictly implemented by government and all partners who have interest in training the sector.
iii. Most monitoring and evaluation systems still need strengthening, with attention paid to building capacity to qualitatively and quantitatively monitor/measure social inclusion.	Prioritize sex disaggregated data in all areas and build relevant capacity; create an integrated sectoral database.
iv. Capacity in gender responsive budgeting (GRB) across the sector is very low, resulting in lack of gender mainstreaming in operational as well as administrative mandates (for example, recruitment, procurement).	Conduct institutional analysis of GRB needs and select practical priorities for inclusion in capacity training plan.
v. Worsening corruption (<i>according to the 2014 Corruption Perceptions Index reported by Transparency International, Malawi scored 33 points out of 100. This poor score is a drop from 37 points in 2012</i>).	Ensure that the future National Human Rights Action Plan has key priority areas for combating corruption.
vi. The effectiveness of human rights institutions such as the Office of the Ombudsman, the Office of the Director of Public Prosecutions, the Malawi Human Rights Commission, the Anti-Corruption Bureau and the Law Commission) is weakened by	Speedy up law review.

gaps on their mandates and powers in laws that establish them.	
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13.14 Gender Thematic Area

Under this part, *gender* is independently being reviewed as a thematic area of the MGDS II. The analysis also contains a review of performance on the four gender indicators under MGDS II.

Assessment of MGDS II Areas of Focus

The goal of the thematic area of gender under the MGDS II is to reduce gender inequalities and enhance participation of all gender groups in socio-economic development. Three outcomes were envisaged: (a) increased meaningful participation of all gender groups in decision making; wealth creation and poverty reduction; (b) reduced gender based violence at all levels; and (c) enhanced gender mainstreaming across all sectors. These outcomes would be achieved by: promoting women entrepreneurship and involvement in cooperatives; promoting equal access to appropriate technologies and micro-finance schemes; advocating for affirmative action to increase representation of women in politics and decision making positions; enhancing awareness on gender-based violence (GBV); strengthening GBV service delivery systems; strengthening legal and regulatory framework; mainstreaming gender at all levels; promoting access to quality education for girls; and strengthening gender disaggregated research and documentation.

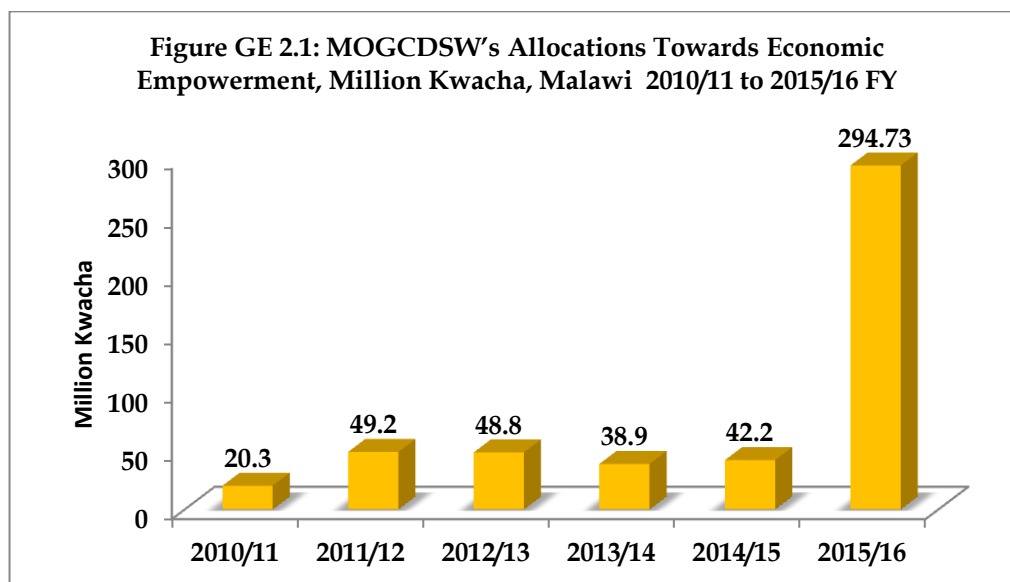
The analysis below is complimented by other gender issues that are specific to the design of the MGDS II as discussed in Part One of this Report.

Promoting Women Entrepreneurship and Involvement in Cooperatives

During the whole MGDS II implementation period, there has been no solid mechanism for assessing progress related to women in business. Nevertheless, Figure GE 2.1 reveals that during the implementation period, MoGCDSW has been allocated funds for economic empowerment interventions. While there have been fluctuations, the allocations have improved from the figure in the 2010/11 FY. However, the allocations have been relatively too small for meaningful nationwide impact. At least the 2015/16 estimate allocation is the highest during the implementation period. However, with no economic empowerment strategy and systematic reporting, the extent to which planned outputs³⁰ are building on previous interventions is not clear. Women's economic empowerment interventions

³⁰100 new women's groups formed and trained, 100 groups participate in local trade fairs, 20 associations trained in business management and marketing.

continue to have minimal impact because they are mostly project based with low coverage, and have weak multi-sectoral connections.



Source: UN Women, 2015

One big challenge in effectively implementing this MGDS II focus area has been lack of deliberate action by all sectors to coherently unite behind promoting women's entrepreneurship within the scope of their respective mandates. Apart from the Ministry responsible for gender, isolated sectors such as trade and agriculture have implemented some agribusiness interventions aimed at economically empowering women—but again, mostly as projects. Another positive move by Ministry of Labour is that in 2013, the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) adjusted its target of recruiting in technical, entrepreneurial and vocational education and training from 30 percent to 50 percent in order to implement gender biased recruitment and enrolment.³¹

There has been work to facilitate the formation of some women's cooperatives, but more work can be done to create better synergies between Ministry of Industry and Trade (MoIT), including One Village One Product (OVOP) and MoGCDSW's interventions, including to support to cooperatives. MoIT planned to develop a gender equality and women economic empowerment action plan as part of its Competitiveness and Job Creation Support Project (CJCSP, 2012 -2016). However, it is not clear as to whether this will form the much needed national framework for a comprehensive response towards economic empowerment, or just a project strategy.

³¹TEVETA Strategic Plan 2013-2018.

Improving women's entrepreneurship would enhance household and national productivity, which is now weighted down by poor economic empowerment indicators. Avenues for women to be productive need to be expanded across all sectors since according to the Malawi Labour Force Survey (2013), they only make 30 percent of total wage employment in non-agriculture sectors. The survey reported that 87 percent of employed persons in Malawi are in informal employment (88.8 percent males and 93.6 percent females).

However, most of people in informal employment are likely to be poor since they earn below the minimum wage—the average earnings per month for the self-employed are three times lower than those in wage or salaried employment. According to the Micro, Small and Medium Enterprises (MSME) report of 2012, 46 percent of businesses were owned by women, compared to 52 percent for men. In 2012, only 0.3 percent of women businesses were in the medium enterprises category as opposed to 4 percent for men. Sufficient action to promote women's entrepreneurship is therefore needed so that they do not get stuck with micro businesses, but that they also tangibly contribute to job creation economy growth. Creating an enabling environment and incentives that tap into the financial potential of women will accelerate the stimulation of the national economy.

Promoting Equal Access to Appropriate Technologies and Micro-Finance Schemes

There has been no data to track the exact state of implementation during the implementation of MGDS II. However, randomly available data suggests that despite this being a focus area in the MGDS II, the reality is that women continue to lack technologies that can position them to contribute to effectively to industrialization. Even in sectors where women dominate (for example, agriculture and artisanal and small scale mining), there is shortage of technologies for value addition and processing. Women have not meaningfully benefited from value addition technologies that are supported by OVOP because of OVOP's 'demand driven approach' that does not deliberately allow the organization to plan to empower women's cooperatives. As of 2014, only two women's cooperatives had benefited from OVOP.

Access to micro loans continues to be provided by commercial institutions that seek exorbitant interests (up to 40 percent). The narrow focus by MGDS II on micro loans is also problematic because it means that there are limited alternatives for most women entrepreneurs beyond micro businesses—since the loans cannot allow women to grow their businesses to small or medium scale. The cost of weak interventions to promote access to technologies and business loans for women on development is high, because making a dent in poverty reduction will be slow. More deliberate and stronger action is needed for women to be equal beneficiaries of

economic interventions so that they can bring down the rates of poverty, which according to Integrated Household Survey (IHS) 3, stood at 57 percent for women compared to 49 percent of males in 2011.

Advocating for Affirmative Action to Increase Representation of Women in Politics and Decision Making Positions

Malawi has performed poorly in meeting relevant MDGS II targets relating to participation in politics and decision making. The enactment of the Gender Equality Act No. 3 of 2013 is a milestone towards achieving the targets under the MDGS II gender thematic area. The Act requires the recruitment authority in the public service to ensure that one sex is not more than 60 percent and not less than 40 percent of those recruited. The poor representation of women in decision making positions in the public service (see Table GE 2.1) justifies the implementation of this quota. So far action has been slow due to lack of: knowledge of the law, management commitment to address sectoral gender gaps amongst staff (and an understanding of how this can improve performance), and performance monitoring of the implementation of the quota (and disincentives for non compliance). Further, sectors that have low numbers of qualified women in the job market have hardly instituted interventions to change this situation.

Table GE 2.1: Women Representation in Policy and Management Positions in the Public Service, Malawi 2013

Grade	Women	Percentage	Men	Percentage
A	1	33	2	67
B	0	0	4	100
C	20	24	63	76
D	37	23	124	77
E	116	24	362	76
F	176	24	560	76
Total	350	24	1,115	76

Source: Ministry responsible for Gender, 2013

Positively, since 2014, Department of Human Resources, Management and Development has been taking steps to promote the implementation of the Act. Donors are largely supporting these measures. In order to solidify action, the future National Human Rights Action Framework (draft) proposes the adoption of a national policy on appointment of women in public institutions. However, in order to have teeth, such a policy would have to be enforced by Office of the President and Cabinet (OPC).

The costs of economic inequality to women are not only monetary, but also affect their life choices, leaving them vulnerable to violence and other forms

of discrimination and exploitation (ActionAid, 2015). In terms of promoting the increase of women in politics, related challenges have been discussed under elections. However, it is important to emphasize that tackling political underrepresentation is one of the 10 “impact zones” that are recommended by the 2015 ground breaking study by McKinsey Global Institute. This comprehensive study proves that effective action in these 10 zones alone would support economic growth as it would move more than 75 percent of women affected by gender inequality globally closer to parity. It could help as many as 76 percent of women affected by adult literacy gaps, 72 percent of those with unequal access to financial inclusion, 60 percent of those affected by maternal mortality issues, 58 percent of those affected by child marriage, and 54 percent of women disadvantaged by unequal labor-force participation rates.

Enhancing Awareness on GBV and Strengthening GBV Service Delivery Systems

One of the envisaged outcomes of the Joint Sector Strategic Plan (JSSP, 2013-2017) is the reduction of violence against children, youth and women. Although not quantified, there is acceptance that Malawi has made good progress in enhancing awareness of gender based violence. In 2013, the Malawi Police registered 6,105 cases, 11,492 cases were registered in 2014. Women reported about 90 percent of these cases. The police attribute the increase in the number of reported cases to higher levels of awareness, as well as increased access by communities to community policing forums. The challenge is to complement this awareness with knowledge of laws on gender based violence, which is crucial to accessing service delivery systems.

Table GE 2.2 illustrates that the highest level of legal literacy is 40 percent, and women’s level of knowledge is the lowest. In 2015, MoGCDSW has been working towards addressing this challenge by simplifying several gender related laws for dissemination to the public. Work to strengthen service delivery systems has happened through working with traditional leaders, police, courts and setting up One Stop Centres in some districts. The challenge is that most of the interventions with service delivery structures have focused on short trainings, and have been within the context of projects in selected impact areas. Measures to ensure the concrete enforcement of gender related laws have been lacking, with the result that budgetary allocations even for MoGCDSW do not reflect adequate activities towards the implementation of the laws.

Table GE 2.2: Proportion of Population Who Have Knowledge About the Legislation Related to Gender Based Violence (GBV), Malawi 2012

	Women	Men
Penal Code	28.8	36.9
Prevention on Domestic Violence Act	30.1	36.3
Deceased Estate (Wills, Inheritance and Protection) Act	33.7	40.1
Child Care, Protection and Justice Act	33.4	40.4
Marriage Act	32.0	37.2

Source: NSO, Gender Based Violence Survey, 2012

Adequate resources for law enforcement can cement the good progress that has been made during the MGDS II implementation period in enacting the Gender Equality Act No. 3 of 2013 (addressing harmful practices and sexual harassment); the Marriage, Divorce and Family Relations Act No. 4 of 2015 (addressing child marriage and marital rape during separation); and the Trafficking In Persons Act No. 3 of 2015 (recommending the establishment of shelters). Availability of resources would allow for the full implementation of the National Action Plan to Combat GBV (2014-2017), which has elaborate measures to address gender based violence, including violence against children. This is over and above enhancing the relevance of laws that have been passed prior to MGDS II that directly address GBV such as: the Prevention of Domestic Violence Act (Chapter 7:05) of the Laws of Malawi; the child Care, Protection and Justice Act No. 22 of 2010 (addressing child trafficking, sexual exploitation, forced marriage and betrothal, and harmful practices); the Deceased Estates (Wills, Inheritance and Protection) Act No. 14 of 2011 (addressing property dispossession in inheritance matters).

Failure to comprehensively address all forms of violence, including child marriage (*globally Malawi ranks 8th as a country with high child marriage*) has had enormous costs not only on individuals, but also on Malawi's public spending, key development indicators and overall poverty reduction and economic progress. To reverse this situation, GoM will have to prioritize the adoption of the implementation of the future National Human Rights Action Plan (2016 – 2020), which proposes comprehensive action that can facilitate the implementation of GBV related frameworks and the strengthening of justice delivery structures. Taking stock of what has been done and where, and devising a plan for consolidating action for nationwide coverage with the leadership of district councils can be a good starting point. Prioritization will be critical, including to ensure the presence of key services and systems for addressing the harmful practice of child marriage.

Mainstreaming Gender At All Levels

By isolating 'gender mainstreaming at all levels' as a specific strategic action under the MGDS II, GoM was making the commitment that gender equality would not just exist on paper, but that it would be seriously pursued through systematic sectoral action. The first expectation was that each MGDS II thematic area and KPA would have strategic actions for addressing gender inequalities in a sector. However, this was only achieved under the sub-themes of labour and education. The second expectation was that annual implementation plans of MDAs would routinely identify strategic actions that would ensure that their priority areas are facilitating gender equality. Overall, there have been a few promising practices and a lot of challenges in gender mainstreaming during the MDGS II implementation (the latter is discussed in the summary of binding constraints).

Promising Gender Mainstreaming Practices that are Evident Through Resource Allocation

- i. The Ministry of Trade has taken a serious gender perspective in the implementation of the Competitiveness and Job Creation Support Project (which enjoys a significant part of the 2015/16 budget). The project aims at empowering MSMEs that are focusing on soya and pigeon peas to create about 2000 formal jobs (50 percent and 25 percent to be dedicated to women and the youth respectively). It also aims at increasing incomes of 20,000 soya farmers and 40,000 pigeon farmers (50percent and 25 percent of the beneficiaries being women and youth respectively).
- ii. The Ministry of Education has consistently incorporated a gender objective in its budget. While more work is needed, it has been implementing specific activities towards strengthening girl education (for example, 50:50 selection in Community Day Secondary Schools, boarding hostels, mother groups , among others).
- iii. The transport sector is (erroneously) considered as one of 'hard' technical sectors where gender mainstreaming is impractical. However, for the first time, Ministry of Transport has committed part of its 2015/16 FY budget towards gender mainstreaming, see Box GE 2.2 . This followed the adoption by cabinet of a transport policy and implementation framework that has clear gender commitments by Cabinet in June 2015; the formulation of sectoral gender guidelines in 2014 and the development of gender modules for al transport sector training institutions in July 2015, amongst other actions.

Box GE 2.1: Examples of How Gender Responsive Actions are Contributing to Positive Development in the Transport Sector

The National Construction Industry Council is providing fees subsidy of 50 percent to female trainees at its training Centre in order to promote women's empowerment through the male dominated field of construction.

Although financially constrained, efforts are being made by the Marine Training College to identify sponsors for female trainees in order to increase enrolment and the subsequent employment of women in the marine industry.

The Rail Division has introduced safety barriers at pilot train stations in order to ensure safety of women with children, people with disabilities, the elderly children and passengers in general when boarding trains (usually train boarding is chaotic to the advantage of the 'fittest').

The sector has developed posters for mentoring secondary school students to promote women's interest/opportunities in transport sector careers so that current gender gaps can be resolved.

Source: MoTPW, 2015

- iv. While full implementation of gender mainstreaming is still work in progress, six lessons that can be drawn from the transport sector are that:
 - a. Although a heavily male dominated sector, there has been practical commitment towards gender mainstreaming by leadership (the Secretary for Transport and Public Works and Director of Planning). The Director of Planning has personally ensured that necessary support is provided for effective gender mainstreaming both at the Ministry Headquarters and in all the departments within the Ministry.
 - b. There is pro-active and knowledgeable Gender Focal Person and the Director of Planning has ensured that she is involved in tasks requiring gender expertise, for instance, during sectoral policy and strategic plans development/reviews, sectoral programming and budgeting, monitoring and evaluation.
 - c. The Gender Focal Person is strategically located in the Planning Department, where key functions of the Ministry are coordinated (sectoral programming and budgeting; policy and strategic plan development and reviews; and monitoring and evaluations). Most planners have been trained in Gender responsive Budgeting through working sessions to make internal frameworks gender responsive.
 - d. Heads of Departments have enhanced capacity in gender mainstreaming through a tailor made two weeks gender mainstreaming course in Arusha. This has enabled Departments

- to take deliberate initiatives to address some of the prevailing gaps.
- e. There is presence of financial and technical support rendered by the European Union (EU), United Nations Population Fund (UNFPA) and Ministry of Gender, Children, Disability and Social Welfare under the Gender Equality and Women Empowerment Programme (2012 – 2016). *This emphasizes on the significance of resource commitments, which ideally should be provided by Government for sustainability.*
 - f. At the time of finalizing 2015/16 FY budget estimates, transport sector departments/sub-sectors developed activities towards promoting gender equality that would be implemented through the budget *(to hold relevance, integration of these in annual implementation plan and monitoring framework is crucial).*

Promoting Access to Quality Education for Girls *(discussed under the education sector).*

Strengthening Gender Disaggregated Research and Documentation

During the MGDS II implementation period, GoM, with the support of development partners, made strides in initiating gender research and documentation. This includes the development of the Malawi Gender and Development Index (2012), which is one of the gender indicators in the MGDS II; the first Gender Based Violence Survey (2012) focusing on 17 districts; country reports on the implementation of the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2013); Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) (2014); Beijing Platform for Action (Beijing+20 review, 2015); and the Violence against Children report (2014). The Malawi Labour Force Survey (2013) and the MDG Endline Report (2014) also formed important sex disaggregated data sources. In addition, development partners contributed to the knowledge base with resources such as a Gender Assessment of the National HIV Response (UNAIDS/SAT Malawi, 2014); a Gender Assessment of the Extractive Industry in Malawi (UN Women, 2014); Gender Analysis of the National Budget – 17 votes (UN Women, 2015) and Gender Analysis of the Ministry of Gender Children Disability and Social Welfare (UN Women, 2015). What is outstanding is to have an accessible data base for gender data, as well as to strengthen the consistent compilation of sex disaggregated documents/reports in all sectors.

Performance on MGDS II Gender Indicators

MGDS II progress reports show that gender indicators and their targets have not been met. Under the 2014/15 progress report, women's participation in decision making is at 24 percent (against the target of 40 percent), meaning that the situation has negligibly improved from the baseline of 23 percent. The proportion of women in politics has actually

worsened from the baseline of 22 percent to 16.7 percent (against a target of 50 percent). The Gender Development Index score has also dropped from the baseline of 0.639 to 0.621 (against the aspired score of 1). There has not been data to monitor the indicator related to gender based violence reporting. Neither has there been data to track the participation of women in technological businesses, and the numbers of women's businesses that are being linked to markets and formal financial institutions respectively. While some of these issues reflect inaction to take deliberate steps towards gender equality, some reflect inherent deficiencies in the indicators themselves as discussed below.

Constraints/Challenges to effective gender mainstreaming that are drawn from different sectors and recommendations are summarized in Table GE 2.3.

Table GE 2.3: Constraints/Challenges and Recommendations for the Gender Thematic Area in Malawi	
Constraints/Challenge	Recommendations
i. A common view that sectors have "core business" that is removed from gender mainstreaming: As a result, even labour as a sector that had good MGDS II gender responsive strategic actions (including 'to mainstream gender in all labour interventions') has under performed. There is low capacity to make this <i>core business</i> gender responsive, which is what gender mainstreaming is all about. And where some gender equality interventions may have been performed, these are not usually part of MGDS II sector reports, again because of the attitude that reporting has to focus on core business.	<p>Promote a policy position that obligation for <i>sectors to mainstream gender at all levels</i> implies that action should be seen to be taken through the reporting of gender results within the parameters of sectors' core businesses.</p> <p>Guard against an over ambitious gender mainstreaming agenda (pushing for too many things and therefore having little impact). There is need to break down the agenda into small practical and strategic steps. Sectors themselves need to determine the change that is needed for inequalities to be decisively tackled, and then devise measures for progressively achieving equality step by step. Similarly, while gender responsive budgeting has great potential to reverse negative development trends, it would be realistic to nationally work in comprehensive pilot phases.</p> <p>Advocate against the expectation to 'sell gender,' which, despite the MGDS II mandate for sectors to mainstream gender, has led to the erroneous perception that gender equality is a 'special interest' issue— when it should be seen as an enhancer to efficiency.</p>
ii. National gender indicators have not successfully facilitated the evaluation of outcomes of gender mainstreaming interventions, stand alone gender interventions and gender related laws and policies: As a result, the gender indicators	Engage in a consultative process to generate more strategic and practical high level gender indicators that can galvanize sectors to capture progress in the areas of coordination; service delivery, law and policy (enforcement, implementation and formulation); community

	have not stimulated unison across sectors in the collection of sex disaggregated data; and they have not facilitated the thorough uncovering of sectoral barriers and opportunities so that sectors can better achieve gender equality goals. This has meant sectors are not held accountable for their actions, or lack of action.	participation; and behavior transformation/change.
iii.	Perception/resistance that while gender mainstreaming may be initially introduced as pursuing the interests of both men and women that are disadvantaged, in reality all the primary message is about women and girls: ³² Some questions that should be answered are: is the term 'gender mainstreaming' so overused with an audience that has 'negative' perceptions about it that alternative and more inclusive terminology has become necessary in order to move forward with gender equality goals? Does the term gender mainstreaming naturally lock local practitioners into a state of total bias (sometimes unfairly) towards women and girls such that Malawi may as well be stuck in the 'women and development approach' under the guise of gender mainstreaming?	Engage in an honest dialogue on the impact of the 'gender mainstreaming terminology.' One suggestion is that talking about <i>social inclusion</i> instead (while maintaining a focus on sex disaggregated data) could achieve much more because this would mean being compelled to focus on issues that socially exclude whether women, men, young people, people with disabilities, people living in poverty , among others. Therefore, interventions to address inequalities would have to take a human rights and social justice approach that would make sub-groups of both men and women prosper (Bah-Wakefield, 2012). The idea is not to keep on repeating what has not worked well, but to start to strategically develop fresh thinking that can spur transformation.
iv.	Gender mostly continues to be narrowed down to numbers (and women).	Develop and implement sectoral capacity development plans that build an understanding of transformative strategies that can facilitate positive change regarding equal access to opportunities and development avenues that a sector offers.
v.	The focus on making policies and strategies gender responsive (content) without matching this with systematic capacity and addressing the micro-politics of implementation: This has meant that good gender responsive policies and strategies stay on paper since planners may have biases and/or inadequate technical skills to develop relevant transformative interventions. ³³	Ensure that sectoral capacity development plans are guided by political economy analyses. Ensure cohesiveness between gender and social inclusion interventions and planning/budgeting cycles so that implementers are timely coached 'on the job' (for example, to mainstream gender in budgets and/or or plans).

³² The perception that Malawi's approach to gender mainstreaming excludes men from the agenda has led to reduced enthusiasm (by the predominant male programmers/decision makers) to push for an issue that will seemingly only benefit women (as if men do not have specific gender issues that are affecting development). Gender practitioners have commonly defended the emphasis on women and girls by pointing at evidence of gender gaps. However, the fact that this justification is not working well to expand interest towards gender mainstreaming in Malawi could mean that its time to pay serious attention to the other argument.

³³ An example is seen in the agriculture sector, which has a gender and HIV strategy, but marginalizes this in mainstream programming, budgeting and MGDS II reporting.

	Further, where capacity building has happened, it has been superficial (for a few days), and only focused on a few people within a sector without putting in place an on-going training strategy for the whole sector. Trainings have mostly focused on individual skills and not change in behaviour, attitude and systems.	
vi.	Weariness with seemingly being pulled in 'all directions' – gender mainstreaming <i>versus</i> human rights based approach: Frustration has been expressed that 'policy makers/planners are one day told to mainstream human rights, and the next day another practitioner will come to urge them to mainstream gender.'	Synergize human rights and gender programming so that instead of approaching them as two different agendas, they should be considered as 'sides of one coin.' The human rights based approach (HRBA) to development and gender mainstreaming are mutually reinforcing because HRBA integrates the human rights principles of gender equality, non-sex discrimination and women's rights in development interventions. Both HRBA and gender mainstreaming concentrate on the impact that interventions will have on the welfare and empowerment of specific societal groups. The future National Human Rights Action Plan (2016-2017) is a significant opportunity for synergizing gender and human rights programming into a unified development strategy.
vii.	Gender targets, often pushed by donors, are usually not really understood by implementers: This has sometimes led to the treatment of gender results as mere administrative targets, and therefore inadequate action to use the results for programming lessons.	Routinely ensure that sectors' gender objectives are informed by a clear social and gender analysis; and that monitoring and evaluations of gender targets/results are always conducted to inform planning.
viii.	Weak sectoral leadership in gender mainstreaming: There has been low emphasis by management for their sectors to understand that gender mainstreaming is a policy mandate and a sector priority.	As a policy position, ensure that gender mainstreaming is recognized by management as an achievement that is relevant to performance and that justifies increased resources to a department.
ix.	Inadequate institutional capacity by MoGCDSW: Donors have to some extent contributed towards the capacity of the MoGCDSW in order to strengthen coordination, policy making and leadership for gender equality. However systematic and structural weaknesses continue to threaten the Ministry's ability to fulfill its mandate and programmatic leadership role in various issues. Staff vacancy rate is about 50 percent.	Ensure that the Ministry has a capacity development plan that includes strategies : improving: the efficient coordination of the Ministry's programmes; coordination of partners within the sector; strategically allocating resources to its core programmes; providing effective guidance to implementing agencies, and keeping its staff well-motivated and productive. Fill all vacant positions and have a gender responsive retention strategy.

	Strengthen the positioning of the Department of Gender Affairs so that it is well empowered to coordinate gender mainstreaming nationally and have an impact.
x. Sex disaggregated data has not been universally prioritized: While NSO has improved in the generation of sex disaggregated data in national surveys, contrary to the expectation by MGDS II, many sectors are yet to develop or apply skills to collect sex disaggregated data for better planning.	Make the routine compilation of sex disaggregated data and its application to all planning processes mandatory. Ensure that sector capacity development plans include skill building in qualitative and quantitative sex disaggregated data; and in the documentation of gender responsive reports
xi. Disjointedness between work of gender technical working group and other technical working groups within same sector: For example, in the agriculture sector, while the Technical Working Group on Cross Cutting Issues is used as a forum where gender information is shared, members of this TWG do not attend meetings of other TWGs in the agriculture sector. This makes it difficult to mainstream gender throughout agriculture.	Include social and gender inclusion as part of TORs of all technical working groups.
xii. While the MDG acceleration framework (MAF) was developed in response to the emerging gaps in the MDGs, it was not implemented seriously: This was a lost opportunity for mobilizing sectors and galvanizing them into action to all contribute to the attainment of the MAF. As a result, four gender related MDGs were not fulfilled.	In the formulation of/prioritization of the MGDS II successor as well as the Malawi Sustainable Development Goals agenda, prioritize high ranking poor indicators of women's and girls' development/drivers of inequalities and poverty that contributed to the unfulfilment of the MDGs agenda
xiii. The absence of a National Gender Policy: The first National Gender Policy expired in 2005. The revised one has only been adopted around September 2015 after a protracted bureaucratic process. This meant gender mainstreaming interventions had no comprehensive policy footing during the implementation of MGDS II. If policies are to closely fit the development agenda of the day, political attitude towards the urgency of policy formulation needs a big shift.	Ensure coherent implementation/alignment between the new National Gender Policy and: the MGDS II successor; future National Human Rights Action Plan; and sector gender mainstreaming strategies.

13.15 Gender, Children, Youth and Sports Sector Working Group

Overview

The Gender, Children Youth and Sports Sector Working Group (GCY&S SWG) has responsibility for planning and budgeting activities affecting the Gender, Children, Youth and Sports Sector in order to contribute to the achievement of the Malawi Growth and Development Strategy II. The

Gender, Children Youth and Sports Working Group is guided by a costed Joint Sector Strategic Plan (JSSP, 2013 – 2017). The JSSP is addressing MGDS II priorities related to gender, child development and youth empowerment. It has five key priorities, namely: (a) strengthening the national policy and legal environment for protecting children, youth and women; (b) improving and ensuring equitable access, control and utilization of social and economic services by these groups; (c) enhancing their participation in decision making processes and sports; (d) reducing illiteracy, violence, abuse, exploitation and neglect against children, youth and women; and (e) strengthening the capacities of the SWG. The JSSP is accompanied by a resource mobilisation strategy, communications strategy and visibility strategy, which is a good practice. In practice, implementation of the JSSP has not rolled out comprehensively.

Analysis of the Cohesiveness of the Sector

The GCY&S SWG has achieved several strides that demonstrate that it is relatively cohesive. The first is the presence of the Joint Sector Strategic Plan (2013 – 2017) and its supporting frameworks, as noted above. The SGW has District Operational Coordination Guidelines, which are expected to rally district institutions behind the implementation of the JSSP. Sector Working Group and Technical Working Group meetings, which have improved in 2015, have also provided a good platform for knowledge sharing and policy discussions for the sector. The SWG's unity has also been evident through its ability to prepare and submit, based on a consultative process, sectoral priorities for the MGDS II successor. In terms of challenges, as seen below, the sector's cohesiveness is affected by weaknesses related to M&E systems, coordination structures and governance structures.

Sectoral Implementation of the JSSP

Sector players are utilizing the JSSP as a reference document for sector programmes. Most players have translated the aspirations of the JSSP into organization specific strategic plans. The challenge is that the extent to which the sector's sub-technical technical working groups are functioning in practice is mixed. The sub technical working groups for Gender Based Violence and Early Childhood Development are the ones that are visibly active out of the several sub- technical working groups that are supposed to operate within the Technical Working Groups on Gender, Integrated Community Development Child Affairs, Social Welfare, and Sports.

In addition, the sector has not prepared joint MGDS II review reports that can provide a comprehensive picture of the state of implementation of the JSSP. Instead, sub sectors have submitted individual reports. However, looking at the gender sub-sector, Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) is focusing on some interventions that have high sustainability potential. These initiatives include the institutionalization of gender in research institutions (Lilongwe University of Agriculture and Natural Resources), which, from 2014 has seen the

enrolment of 18 women and 6 men for a degree course; and 13 women and 63 men for a diploma course (on full scholarship). Other interventions have been targeted at empowering communities to take ownership of girls' education programme, as well as empowering communities to organize and demand their rights. These interventions are mostly happening under the Gender Equality and Women Empowerment Programme (2012 – 2016).

Sectoral Monitoring of the JSSP

The unavailability of joint annual plans by the TWGs has been a barrier to the effective monitoring of the implementation of activities for the sector. There has been delayed finalization of the M&E framework for the JSSP. A draft M&E plan has just been developed and is expected to be rolled out for the use of all partners. This is an area that needs a lot of improvement since the M&E framework is crucial to the effective monitoring of the implementation of the JSSP.

Functionality of the JSSP Governance Structure

At national level, while some of the governance structures of the JSSP³⁴ are working smoothly, there is still need to continue the institutionalization of some structures. One of the main challenges is that the executive management committee (comprising PSs responsible for Gender, Youth, Local Government, Finance, Economic Planning and Development) has never met. While there has been a strong recommendation from Ministry of Finance to operationalize the executive management mechanism, its current absence means that there is no overall guidance for the implementation of the JSSP from the three key strategic Ministries. This also robs the sector of a forum where high-level dialogue of resources can be conducted.

Processes are still on going to institutionalize governance structures at District level. The 13 Districts that are implementing the Gender Equality and Women Empowerment (GEWE) Programme (2012 -2016)³⁵ were already oriented on the governance structures, and Technical Working Groups have been operationalized. UNICEF has committed to support the institutionalization of the structures in the remaining Districts.

³⁴ The Ministries of Gender, Children, Disability and Social Welfare and Youth, Sports and Culture: Are responsible for operationalising and coordinating the implementation of the SWG; and jointly setting up a SWG secretariat. The SWG Secretariat is headed by a National Coordinator at directorate level from the Planning Department of the Ministry responsible for Gender. It comprises at least one representative from the Ministries responsible for Gender and Youth, and it coordinates all activities aimed at developing the SWG further. There are SWG Chairpersons, namely the Principal Secretaries (PSs) for Ministries responsible for Gender and Youth are the Chairpersons of the SWG, Co-Chaired by The United Nations Population Fund (UNFPA). The Executive Management Committee comprises PSs responsible for Gender, Youth, Local Government, Finance, Economic Planning and Development, who provide overall guidance for the implementation of the JSSP. Technical Working Groups are constituted by representatives from NGOs and government sectors, the following TWGs.

³⁵ Coordinated by Ministry of Gender with financial support from EU and technical support from UNFPA

Generally, *ownership* of the governance systems by all partners require strengthening, since the notable partners that consistently refer to the governance structure of the JSSP are UN Organizations (especially UNICEF, UNFPA).

Aid Effectiveness and Resources – Gender and Children Sub-Sector

In line with Paris Declaration indicators on aid effectiveness, there has been satisfactory performance as well as unsatisfactory performance in several areas. For example, with regards to the gender and children sub-sector, satisfactory performance has been registered in the following areas:

- *Operational Sector Strategy*: The sector has an operational Joint Sector Strategic Plan;
- *Aid Flows Alignment to MGDS II*: Funds were channelled to different stakeholders within the sector based on the national priorities as set out in the MGDS;
- *Number of Parallel Implementation Structures*: All projects supported by Development Partners have been using the mainstream government structures for implementation; and
- Coordinated Support for Capacity Building.

Unsatisfactory performance in the gender and children sub-sector has been recorded in respect to:

- *Predictability of Aid*: Aid has not been predictable from Development Partners to support sector interventions;
- *Use of Country Procurement Systems*: Most of the Development Partners in the sector use their own procurement procedures;
- *Use of Country Public Financing Mechanisms Systems*: Almost all the Development Partners' funding to the sub-sector is not part of the approved budgets in the Government budget; and
- *Use of Common Arrangements or Procedures*: The Joint Sector Strategic Plan outlines the Common Arrangements or procedures to be used within the sub-sector.

In terms of resources generally, development partners have played a significant role in committing resources to the sector, especially towards gender equality efforts. The most measurable contribution noted in MOGCDSW's budgets, which indicate that often, donor resources far outweigh government's resources. Donor contribution to the Ministry has ranged from as high as 91 percent (2012/2013), to 63 percent (2013/14); to 68 percent (2014/15). When donor contribution towards gender equality is analyzed beyond MoGCDSW, despite multi-sectoral gender related programmes, exact spending for gender equality is unknown. An assessment of UN development assistance (2015) reveals that this is due to the inadequate coordination of programmes that are aimed at contributing to gender equality and the lack of tracking mechanisms. There is no clarity

of what gender equality interventions are being funded, what interventions are lagging behind, and absorption capacity in relation to substantive results.

Constraints/Challenges

Challenges that the sector has generally faced in implementing its programmes include: low funding from Treasury (which makes the sector to mostly rely on unpredictable donor aid); poor enforcement of laws and policies that promote gender equality (which has affected development/gender equality progress, including low representation of women in decision making positions); the prevalence of gender based violence (which is being exacerbated by strong cultural and traditional practices, including those that promote drop out of girls from school and child marriages); continued prevalence of HIV amongst women (56 percent of the 42,000 new HIV infections in Malawi in 2014 occurred in women aged 15 years and above;³⁶ and ineffective institutional and policy mechanisms. Implementing the proposed solutions to the binding constraints under Table GE 2.3 is needed in order to address these challenges.

14. CONCLUSIONS AND RECOMMENDATIONS

14.1 Conclusions

In conclusion, despite the challenges and critical issues raised in this MGDS II Review and Comprehensive Country Situation Analysis, the Government of Malawi must be complimented for embarking on an ambitious planning and implementation programme for the country. The GoM has also developed a commendable number of sectoral policies and strategies which have become part of the overall strategy to implement the MGDS II and in line with the MDGs Accelerated Framework (MAF) and Vision 2020. Despite some set-backs noted in this report, Malawi has managed to place itself on a path where, if certain bold steps are taken, the country can steer towards national transformation and self-sustaining growth path.

Malawi made progress towards achievement of some targets relating to four out of eight MDGs, namely (a) Reducing Child Mortality; (b) Combating HIV and AIDS, Malaria and other diseases; (c) Environmental Sustainability, and (d) Developing Global Partnership for Development. Malawi made remarkable progress in the national response to HIV and AIDS, as evidenced through the decline in the number of new HIV infections and decline in AIDS related deaths. Malawi's rapid and successful Antiretroviral Therapy (ARV) scale up has critically influenced the HIV epidemic reducing mortality, morbidity and transmission. On Environmental Sustainability, Malawi did manage to achieve and surpass

³⁶ UNAIDS Spectrum 2014 Malawi HIV Estimates, 2015

the MDG target on improved water sources/provision of safe drinking water. This is the case despite there still remaining a large proportion of people still in need of safe drinking water in the throughout the country.

Within the context of MGDS II and the MDGs Accelerated Framework, Malawi did not achieve the poverty reduction consistent with her international commitments as represented by the MDGs. Poverty has remained high, with the Integrated Household Panel Survey (2013) showing headcount poverty being largely unchanged between 2010 and 2013, at 40.2 percent and 38.7 percent, respectively. During the period from 2010 and 2013, urban headcount poverty rose from 17.9 percent to 26.2 percent whilst rural poverty fell marginally, from 44 percent to 40.9, respectively (NSO, 2014).

The thrust by the GoM on the Public Sector Reform, Public Financial Management, Integrated Public Financial Management Information Systems, Organisational Performance Agreement, implementation of the Decentralisation Policy, are all positive steps to steer the country forward. It is also noted that the Programme Based Budgeting being pilot-tested in a number of sectors is a commendable move by the GoM to steer the country into self-sustaining growth. If fully scaled up, this is favourable to the successful implementation of the MGDS II and its successor national strategy.

The adoption of Sector-Wide Approaches (SWGs) and the establishment of Technical Working Groups in sectors such as Agriculture and Food Security, Water Supply and Irrigation, Education, Health, Trade, Industry and Private Sector, and others, is a substantial effort undertaken by the Government of Malawi to establish functional structures with a view to spearheading the implementation of the MGDS II and future national development strategies. This is noted to be the case in spite of the challenges encountered in the functioning of those structures.

Through the Department of Economic Planning and Development, and the support of DPs, the Government of Malawi seeks to strengthen its monitoring and evaluation systems, from central to decentralized levels. This is undertaken with a view to strengthening evidence-based planning and implementation of national projects and programmes. Despite these efforts, many emerging challenges have been noted as well as opportunities, in the course of the MGDS II Review and Comprehensive Country Situation Analysis, undertaken in the course of this assignment.

What follows are conclusions regarding specific issues, which are relevant to the MGDS II review.

C1. MGDS II and the National Vision 2020 Links

Linkage between the National Growth Strategy and the National Vision 2020 needed to be stronger than has been the case of MGDS II. This ought to have been interfaced with a national advocacy, participatory and

information dissemination campaign on what the MGDS II and the National Vision 2020 are about, and what they mean to ordinary Malawians – better accountability and transparency in resource allocation and tracking performance progress.

C2 Macroeconomic framework and the broader development context

The track record of Malawi's macroeconomic management has not been progressive, with the country lagging behind most of the member countries of the regional economic communities of groups which she belongs to, both within SADC and the COMESA. The critical assumptions made during the MGDS II planning process have largely been unmet during implementation, implying that trends in macroeconomic and associated indicators were removed from the reality at practical levels during the implementation of the MGDS II.

C3 Land Administration

A notable omission in the MGDS II design is that access to land was not accorded the high priority it deserves. In view of the high population density and limitations pertaining to land access and availability for both productive and other purposes such as housing development, the issue of land administration and the laws governing it cannot be overlooked in any major national development process.

C4 Design of MGDS II

The Review concludes that the MGDS II design is ambitious, lacking in focus on what the 'real priorities' and binding constraints that need to be tackled are, and the sequencing of dealing with those challenges. The major issues in the design relate to planning, monitoring and evaluation bottlenecks, which needed substantially more attention than was the case at both the planning and implementation phase of MGDS II.

C5 Relevance of the MGDS II

As a development instrument, the MGDS II remained relevant to the country's national development agenda and with respect to linkages with regional, continental and global commitments. Because of design level constraints, although the MGDS II was not used to benchmark other sectoral strategies to desirable extents, the validity of the existence of the national development strategy remained, hence the need to focus on mechanism of improvement in the design and relevance of the next national development plan.

C6 Effectiveness of the MGDS II

The planning and implementation process of the MGDS II did include a phase of consultation of stakeholders, from various sectors. However, evidence point to a process which did not go far enough to deepen relationships at both the planning and implementation phases in terms of mobilizing a great variety of stakeholders which were central to the MGDS success.

C7 Structural organisation of the MGDS II and coordination arrangements

The Review concludes that the administrative and coordination structures established to oversee the implementation of the MGDS II are not functional and no serious attempt had been made to make them operational. The anticipated MGDS II policy level interactions have been compromised by lack of commitment, a dysfunctional and largely ineffective M & E structure, resource (human and financial) capacity constraints, from central and decentralized levels. A strategic and inclusive national dialogue on MGDS II and Vision 2020 was missing.

C 8 The overall M & E framework

The overall M & E framework: The MGDS II Review notes that whilst the monitoring framework in MDGS II was well conceived, it has been fraught with bottlenecks. There were no adequate supervisory arrangements, at both central and decentralised levels, prepared to follow up MGDS II implementation. There is need to enhance capacity building at all levels in gender sensitive data management, monitoring and evaluation – from central, sector and to districts.

C9. Enhancing the effectiveness of Sector Working Groups

With a recent assessment of Sector Working Groups showing that only 5 SWGs were operating effectively with meetings convened fairly regularly, the situation in most SWGs left much to be desired, with many of the SWGs neither having regular meetings to focus their attention on a defined agenda nor demonstrating a clear purpose on achieving specific outcomes. Many of the SWGs were passive and ineffective for reasons detailed in a different review report.

C10 Partnership Strategy

There were no functional and effective partnerships built between Government, Civil Society, Private Sector, Academia and Development Partners, from planning to implementation, monitoring, supervision and progress reporting.

C11 Decentralisation Policy

The implementation of the Decentralisation Policy by the GoM offers a substantial opportunity for the country to embrace a people centred national growth and development strategy. However, the Decentralisation Policy has not been fully implemented to date, partly because of bureaucratic resistance and partly because of lack of demonstrable political commitment which are key for an accelerated pace of implementation of the National Decentralization Programme. Lessons learnt with the Ministries of Education, Health and Agriculture and Food Security offer an opportunity for Malawi to embark on a Decentralisation Programme with high potential to contribute to improved delivery of objectives and purpose of national growth and development strategies. However, the MGDS II review notes that linkages between the national development strategy on the one hand and the Decentralization Policy, National Decentralization Programme and the Draft IRDS are weak. There is no substantial cross-fertilization between the MGDS II and Decentralisation Policy and IRDS.

C12 Malawi and the MDGs target unmet

Malawi's inability to meet four MDGs (*eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and the empowerment of women; and improving maternal health*) is noteworthy. The underlying factors behind the inability to meet the targets are available in reports that have tracked Malawi MDGs progress.

C13 National Statistical System

In view of the binding constraints faced by the NSS, there is urgent need to boost, substantially the technical and organizational capacity within the NSS with a view to ensuring more up-to-date, evidence based tracking of performance, which is gender disaggregated, of key development indicators.

14.2 Recommendations

R1 MGDS II and the National Vision 2020 Links

The MGDS II review recommends stronger linkages between the national growth and development strategy and the National Vision 2020, or alternatively a reviewed National Vision. The monitoring of implementation of both the NDS and the National Vision must be supported by adequate instruments, which are simplified, including budget and enhanced accountability and transparency at all decentralised stages. It is vital to link the two national processes to **broad based consultations** and **social mobilization** which ought to be sustained throughout the planning, implementation, monitoring and evaluation processes, including reporting.

R2 Macroeconomic framework and the broader development context

In view of the status of the macroeconomic framework, with its assumptions which have been largely unmet during the MGDS II period, there is need to adopt an aggressive turnaround strategy to reverse the observed negative trends. Malawi is part of the SADC, which has a strong focus on sound management of macroeconomic indicators in the region, which also has a monetary policy guidance platform led by a forum spearheaded by Central Bank Governors' from member states. The macroeconomic framework has clear targets and indicators, with a monitoring and reporting framework that tracks performance and status for each member state over time. Malawi, therefore needs to take measures, which must be implemented, to adhere to the requirements of the regional economic community (REC) to which she belongs as well as to its own national economic growth and development targets.

The MGDS II Review notes that whilst the monitoring framework in MGDS II was well conceived, it has been fraught with bottlenecks. There has not been a mechanism or supervisory arrangements designed to follow up on the proposed decentralised structures that are central to MGDS II implementation success. The following are actions recommended:

Creation of Supra Parliamentary Committee: Due to the cross cutting nature of national development strategy, it is proposed that a super committee comprising

chairs of different Parliamentary committees be created. Its main mandate will include:-

- a. Endorse nationally agreed long term vision, associated medium term strategies and implementation plans and monitor implementation of the development agenda.
- b. To convene and host, on an annual basis, a national conference on development monitoring at which the executive will publicly account for implementing the national development agenda (as opposed to party manifesto).

Institute a Public Accountability System: Almost all controlling officers are required to submit routine reports to the appointing authority but do not account before the nation. It is apparent that regardless of achievement no controlling officer has been reprimanded. It is, therefore, proposed that at the beginning of each year, controlling officers and heads of parastatals must be given a national platform to inform the nation about what they do and expected deliverables for the coming year. At the close of the year, they should return to the nation to account for their commitment. This will be linked with the performance assessment based rewards system proposed next.

Institute performance-based rewards system in public service: to entrench accountability and performance for result, this review recommends that Government should devise a scorecard linked to OPAs and outcomes of the next development strategy. The scorecard must allow for an aggregate score and related to which range will be associated reward or punishment. Beyond accountability, this forum will serve to educate and advocate for things that need to be implemented.

Institute civil service public commendations for achievers. There is need to devise a system and criteria under which public servants (not just controlling officers) that deliver need to be acknowledged and encouraged.

National Advocacy Strategy for the MGDS II Successor Strategy: Once developed through **broad-based consultations** and **social mobilization**, the new national growth and development strategy must be disseminated to beneficiaries, in vernacular language. There is need to formulate and implement a coherent communication, advocacy and dissemination strategy for the successor to the MGDS II. To increase accountability and generate visibility, there is need to market, vigorously, and publicize the national development agenda, strategies, and associated projects with a view to increasing ownership of the national growth and development strategy by all stakeholders, including ordinary people.

As part of implementation of the Advocacy Strategy, the GoM could also prioritize the following actions:-

- a. Initiate programme to educate Members of Parliament (MPs), DCs, Councillors, and key staff of the DCs on good development programming and delivery of quality results – training and capacity building in socially inclusive Project Cycle Management (PCM). This is key to understanding good practices in project development and implementation and capacity building for sustainable interventions.
- b. Institute community development reflection days at which community reflect and are reminded on nationally agreed agenda (Rwanda does this monthly).
- c. Improve synergies between methods of planning programme based budgeting, human rights programming and gender responsive budgeting, and introduce incentives and disincentives for star/poor performers during implementation.
- d. Improve programme/project level policy level interactions, through effective feedback and accountability mechanisms, which ought to be sustained over the duration of every national development strategy.
- e. Document and publicise project success stories as well as ‘failed projects’, to inform internally (beneficiaries) and externally (central government, DPs, others).

Legislative Reforms and Enforcement of the Law

The review notes that legislative reforms are in line with international commitments and/or human rights standards are pivotal to the successful implementation of the MGDS II and its successor.

There is need to identify, urgently, key pieces of legislation (new, archaic, requiring amendment) which are significant to progress in newly identified priorities in the context of next NDS, and ensure fast-tracking of the legislation, for example, those related to key Public Sector Reforms, Public Financial Management Reforms (national audits, public procurement, Malawi Institute of Purchasing and Stores, Human Resource Management and control, IFMIS, enabling development in the growth sectors, for example, enhancing private sector competitiveness, other areas of growth.

For this reason, the GoM is called upon to review the situation of the country, with a view to identifying all key legislation, existing or that need to be developed and ensure that resources are deployed to relevant Departments in support of that endeavour. This effort should include all unfinished work under MGDS II (laws that were earmarked for review but were never actually reviewed). The binding constraints linked to lack of enforcement of existing laws, which are rooted to challenges of governance,

corruption, lack of accountability and transparency also need to be tackled in a decisive manner.

Malawi should also abide by its constitutional and international commitments by ensuring that laws, for example, gender related laws are costed fully enforced through resources from the national budget.

Legislative drafting and measures to complement development of new laws or updating existing outdated ones is an area where relatively little investment has been made during the MGDS II period, There is evidence of substantial human and financial capacity challenges in the formulation and finalization and enforcement of key legal instruments that are central to enabling Malawi's transformation across several sectors. There is need for adequate backup legislation to enable many key policies and measures to be implemented successfully. Bottlenecks to national and sectoral policy implementation are being encountered in many areas, resulting in the scaling down of progress where it would otherwise take place. An analysis of the binding constraints in the implementation of the MGDS II at sectoral level shows that many bills have stalled for many years. This highlights critical human resource capacity gaps in the Ministry of Justice and lack of urgency in Cabinet.

It is recommended that review and finalization of outstanding pieces of legislation be included as a package to be funded as a project under Public Sector Investment Programme instead of sectoral interests funded under recurrent budget.

R3 Improving Access to Land

The MGDS II Review observes that the land issue (laws, administration, access and availability) was not accorded the priority it deserves in the national development strategy. It is therefore recommended that the GoM facilitate a land audit in order to identify all idle or underutilised land in urban, peri-urban and rural areas. Land must be availed for productive investment purposes, from agri-business value chain development, private sector and MSME development initiatives, housing development and for other purposes as deemed priority in the next NDS.

R4 Improving the Design and Relevance of MGDS II

With respect to the design and relevance of the MGDS II, to improve in the next national development planning process, more attention needs to be paid to analysis of the binding constraints for Malawi, their sequencing and finding a systemic manner at addressing them in a manner that enables development bottlenecks in all sectors to be eventually tackled, in a logical manner.

The following areas also need attention as part of the process of seeking to improve the design of the next National Development Strategy:-

- a. Development of a conceptual framework, the underlying critical assumptions, including the criteria for the basis of any prioritization. An approach that logically categorises different sectors at the early planning process, and at subsequent stages, for example, into; (a) primary productive sectors, (b) social sectors, and (c) complementary or enabling sectors is proposed. Linkages between the sectors are also critical to articulate at the planning stage. (*see figure Annex 1, for details*).
- b. Clarity of National Development Strategy including strategic priorities and links with the National Vision.
- c. Clear strategic thinking – how scarce resources can be allocated (possibly on basis of cost-benefit analysis or other objective, ABD offers to provide a guiding framework for prioritization).
- d. Better focus on growth sectors with active measures in place to drive processes, for example, agriculture, agro-processing, tourism, mining, and accompany the process with resource allocation which reflects that prioritization.).
- e. Identify key enabling sectors (for example, infrastructure sectors, energy, human capital development).
- f. Identify key missing links to national development (for example, MDGs that were unmet) and how they can be embraced in KPAs.
- g. With the MDG Endline Report (2014) showing that sectors had low gender equality outcomes, and even the MGDS showing that there is widespread underperformance in gender mainstreaming, there is need to reposition gender equality women empowerment in the development agenda.
- h. Ensure stronger linkages to Malawi's international human rights obligations aimed at reinforcing development achievements
- i. Consult stakeholders and beneficiaries at district/local levels before defining successor to MGDS II or find mechanism of drawing their inputs in a substantial manner.
- j. Link to innovative resources mobilization – options on domestic resources mobilization (for example, Business Public Partnerships (BPPs)).
- k. Clearly, a national transformation agenda needs a longer period to implement beyond short-term measures that are considered by any particular government, hence the need to link the Medium Term Strategy to the National Vision.

1. There is also need for strong political buy-in, which cuts across political divide, which is central for sustainability and ownership, beyond the limits of the period in which any political party is in power. This includes commitment by any political party to even align their manifestos with an existing development framework.

Since Government is domesticating international commitments with different time horizons, it is imperative for the nation to agree **NOW** on the horizon of the next long term planning horizon before the Vision 2020 lapses.

Whereas the current development agenda is programme based, party manifestoes are project based. To ease alignment of party manifestoes to the development agenda, and to ease funding and achievement of outcomes, it is recommended that Government consider adopting a Project and not program (or outcome) based development agenda³⁷. The implication is that:

- a. Public Sector investment programme should be agreed at the inception of the development plan and resource allocation be programmed accordingly not “plan as we go”.
- b. It is easier to rank fully developed projects than programs and fund them based on rank in the investment programme.
- c. It increases efficient public investment since Economic Planning and Development will have the rest of the planning period to monitoring project implementation instead of being tied up receiving proposal and conducting project feasibility analysis every year.

Sectoral Level

The following needs to be considered at sectoral level in the overall policy and strategy development processes.

- a. Consult stakeholders and sub-groups of male and female beneficiaries at district/local levels before defining successor to MGDS II or find mechanism of drawing their inputs in a substantial manner;
- b. There is need to ensure all sectoral policies and strategies are aligned to the next national growth and development strategy, and

³⁷ This approach characterized Malawi earlier development plans and all stakeholder were aware of projects.

not the reverse, with essential measures to ensure pursuit of good practice;

- c. As a basic standard, sectors should routinely align their programmes with the National Human Rights Action Plan (operational from 2016) and the Gender Equality Act;
- d. Build accountability for sectors to aim for equality milestones that can benefit both men and women given their different circumstances. These will have to be established from the design of mainstream sectoral strategies and policies, through to corresponding implementation and monitoring frameworks. Sector programming should be preceded by mandatory gender and human rights analyses, which should be followed up through monitoring and evaluation processes;
- e. The development of a socially accountable Public Sector, within the framework of the Public Sector Reform Programme, Public Financial Management and Integrated Financial Management System should be a priority;
- f. Decentralise all key programme/project implementation to District Council level, ensuring capacities to implement, monitor and supervise is built at the decentralised level;
- g. Funding for infrastructure projects ought to concentrate on a few high priority areas at a time and in a year, ensuring durability and high quality of outputs, while making the development and implementation of social and gender integration plans within such projects mandatory;
- h. There is need to adopt a phased approach to project implementation not a rushed or erratic approach to projects – based on political demands. This must take into account local capacities to implement, monitor and supervise projects;
- i. Current efforts to update sector strategies must be guided by the priorities set in MGDS II successor Strategy as well as SDGs priorities (with emphasis on mainstreaming the 10 “impact zones” as highlighted above).
- j. **MFEPD:** Carry out reality grounded projection of resources availability and or flow in next 6 – 7 years and facilitate development of successor strategy on that basis;
- k. **OPC:** Through a coherent results oriented organisational performance assessment (OPA) drive, step up and sustain efforts to implement and unblock all emerging binding constraints in the political arena and public services sector, including wrong attitudes and retrogressive mind-sets in the public sector. Emphasize on the assessment of gender results in OPA;
- l. **OPC:** Identify and equip change champions or drivers of OPA (to be rewarded accordingly); and

- m. **Office of the President:** There is need for strong non-partisan political buy-in, commitment at the highest levels, with support of middle and senior management in the Public Service.

R5 Effectiveness of the MGDS II

To improve on effectiveness and sustainability, the GoM initiate and sustain more broad based consultations and full engagement of all stakeholders, including CSOs, Academia, DPs and private sector, at all stages, from planning, implementation reporting, monitoring and evaluation. The GoM must consider all lessons learnt from the MGDS II, for all stages, with a view to informing the next national development strategy.

R6 Structural Organisation of the MGDS II and coordination arrangements

The full engagement with Office of the President and Cabinet (OPC) is required to ensure higher level control and management of the development process, quality control structures, delivery of results, reporting and accountability at all levels from the Executive, Cabinet, and Parliament, right down to grass-root structures at decentralised local government level (DLG). To achieve desired results, possibility for developing a new culture of taking drastic action in cases of non-delivery are foreseen.

R7 Strengthening the Overall M & E Framework

The overall M & E Framework: To strengthen the M & E system, focus must be on the development of results based indicators, outcome based reporting, ensuring accountability for rights based and gender results across all sectors. To improve the National Development Strategies and the Overall M & E Framework, the GoM, through the Department of Economic Planning and Development, prioritize the following:

- a. Enhance capacity building at all levels in gender sensitive data management, monitoring and evaluation – from central, sector and to districts. {in progress but slow pace}.
- b. Focus on the development of results based indicators, emphasizing on those that will ensure accountability for rights based and gender results across all sectors.
- c. Utilize reviews to strengthen policy implementation and to hold sectors accountable for under/incoherent performance.
- d. Decentralize MGDS II Reviews to districts, refocusing on building capacity at district level to track delivery of results by generating gender sensitive data that can be analyzed to measure changes on various indicators, as prioritized.
- e. Develop user-friendly M & E System that is easier to manage by the ‘statistically illiterate’.

R8 Enhancing the Effectiveness of Sector Working Groups

The GoM must establish a system that enables SWAPs to be more effective, achievement and results based. There is need to integrate SWAp participation and performance assessment for all managers, starting from Accounting Officers, Principal Secretaries and Directors of Ministries, Departments and Agencies. Ensure resources are budgeted for SWAp, and human resources are mobilized for participation in SWAPs, within each sector, ministry and department as part and parcel of the overall process of performance monitoring and assessment.

R9 Partnership Strategy

GoM take leadership to ensure that partnerships with a wide range of stakeholders are fully established, nurtured and sustained through practical efforts designed to bring all key actors together, with a clear cooperation agenda implemented and monitored for results over time.

R10 Decentralisation Policy

The next national development strategy must be mutually reinforcing with the National Decentralisation Policy and the IRDS, which is critical for the achievement of success in the national transformational process. The GoM consider lessons learnt in implementation of the Decentralisation Policy, especially on the resources mobilization plan, including the implementation and enforcement of the statutory instruments, management and coordination of decentralization development programmes, linkages with the Draft Integrated Rural Development Strategy (IRDS). The GoM needs to move, with urgency to fast-track the formal approval process of the IRDS and its implementation.

As part of the strategy to strengthen decentralised approaches, there is need for renewed focus on District Councils/Decentralised Local Governance so that they can:

- a. Implement human resources policy and national procurement policy (backed up with supportive legislation), that ensure full control and accountability of staff.
- b. Implement programmes to enhance access to and retention of high calibre personnel, through an incentive scheme linked to training and capacity building.
- c. Adopt a phased approach to projects, focusing on quality of results delivered and not quantity; fewer but high quality outputs at a time and or per year.
- d. Build comprehensive capacity for planning that is informed by priorities of people, especially marginalized and vulnerable groups.
- e. Facilitate documentation of project success stories as well as 'failed projects', to inform internally (beneficiaries) and externally (central government, DPs, among others).

R11 Malawi and the MDGs target unmet

Malawi's inability to meet four MDGs (*eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and the empowerment of women; and improving maternal health*) is noteworthy. The underlying factors behind the inability to meet those targets are available in reports that have tracked Malawi MDGs progress.

The unfinished MDGs agenda (the four MDGs that were not met) has to be a top priority as the country embarks on implementing the SDGs. This should be matched by strategic thinking on further prioritizing development indicators where there is substantial evidence that meaningful headway is not being achieved, and yet they are a game changer to achieving sustainable and inclusive development. In so doing, pay serious attention to local interventions that can have most impact within the 10 "impact zones" for quick gains, namely:

- a. Blocked economic potential, time spent in unpaid care work, fewer legal rights, political underrepresentation, violence against women, low labour-force participation in quality jobs, low maternal and reproductive health, unequal education levels, financial and digital exclusion, and girl-child vulnerability (for example, child marriage).
- b. Reposition gender equality and women empowerment as a KPA in the development agenda so that there is clear responsibility and leadership for systematic gender mainstreaming in order to complete the MDGs unfinished agenda and fully deliver on SDGs.
- c. Prioritize key growth sectors (for example, agriculture, private sector development, agro-processing, tourism, mining), and accompany the process with a diligent socially inclusive approach and resource allocation which reflects that level of prioritization.
- d. Identify key enabling sectors (for example, infrastructure sectors, energy, employment generation, human capital development).
- e. Ensure stronger linkages to Malawi's international human rights obligations aimed at reinforcing development achievements.

R12 National Statistical System

There is need to base national growth and development strategies on comprehensive and evidence based analysis, which is gender disaggregated. Investment in building the technical and human resources competencies of the NSS is central to ensuring that baseline data is updated on a regular basis and feed into the results based monitoring and evaluation system.

R13 Resources Mobilization Strategy

The GoM must ensure that a large portion of domestically generated resources are channeled towards the implementation of the next NDS and that all development aid is aligned to the NDS process, with clear guidance on strategically identified priority areas. A viable resource mobilization strategy could entail the following approaches:-

- a. There is need for a rethinking on available budget support options. The case for new approach to resource mobilization/alternative revenue sources. The mobilization domestic resources has been heavily skewed on tax collection, a system deemed to be 'efficient', collecting 24 percent of GDP, and accounting for between 87 – 90 percent of all national revenue (2011/12 – 2013/14), which is not sustainable. There is urgent need for innovative home-grown solutions; focus on growing the domestic private sector **(with emphasis on high growth sectors, MSMEs, business public private partnerships (BPPs), joint ventures;** combining these with sustained and efficient national revenue collection.
- b. Increase cost-sharing or cost recovery element in service provision based on capacity to pay principle. Development of infrastructure to be maintained and service under tolls should be a critical principle of infrastructure finance in the next national development strategy
- c. There is need to create institutions/organizations that can mobilise resources in bulk and support local development on commercial basis, for example, development banks or sector specific funds (such as, Export Development Fund, Mining Development Fund or Energy Development Fund, among others.)
- d. **Broad-based economic empowerment:** Focus on **mining, Public Private Partnership (PPP) in energy, scaling up tourism investment;** exploring potential for local seed/fertilizer manufacturing, agro-processing, new ventures in national parks and wild-life and fisheries sub-sectors. Devise strategies for both men and women to equally benefit from these investments.
- e. Assessing the potential of community share ownership schemes (for example, mining, tourism, management of natural resources, wild-life and other areas).
- f. Explore the possibilities of using of natural resources as share equity in joint-ventures with foreign companies. Development best practices can be borrowed from other countries in Southern Africa.
- g. Employ innovative finance, for example, issuance of Euro Bond to raise funds for specific economically viable (not socially desirable)

projects, especially in energy and infrastructure and ring fence the proceeds.

- h. Use of other innovative and local schemes (community savings mobilization, savings and loan associations, currently supported by certain CSOs on micro-level and pilot basis. (Lessons from other countries are valuable).
- i. There is need to **link investment in productive sectors to sustainable growth and expansion in social and complementary sectors** (poverty reduction strategies, resources for investment in education and training, taking advantage of demographic dividend, gender, health, youth empowerment and children affairs, among others)
- j. **In view of the unfavourable private sector development environment, poor doing business environment and low global competitiveness ranking for Malawi, the GoM needs to prioritize, developing and enforcing implementation of all key legislation and policies to foster the development of a vibrant domestic private sector, which includes MSMEs, create a more conducive FDI environment, and ensure marked improvement in doing business indicators overall. A vibrant and dynamic private sector will have positive spill-over effects on all the sectors, including on social and human development indicators.**

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ANNEX 1 - FIGURE A1: CONCEPTUAL FRAMEWORK - SUCCESSOR NATIONAL STRATEGY TO MGDS II

