The Development Situation in Malawi

Submission to the Commons Select Committee

How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi?

Garry Whitby
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Abbreviations Used

AfDB  African Development Bank
AIDS  Acquired immune deficiency syndrome
BAM  Bankers Association of Malawi
BCA  Business Consult Africa
BDS  Business Development Services
BMO  Business Membership Organisation
CSR  Corporate Social Responsibility
DEMAT  Development of Malawian Enterprises Trust
DPC  Development Planning and Cooperation
DWCP  Decent Work Country Programme
EEAG  Economic Empowerment Action Group
EU  European Union
FSTAP  Financial Sector Technical Assistance Programme
IBAM  Indigenous Businesspersons Association of Malawi
ILO  International Labour Office
ISO  International Standards Organisation
JICA  Japanese International Cooperation Agency
M&E  Monitoring & Evaluation
MGDS  Malawi Growth & Development Strategy
MARDEF  Malawi Rural Development Fund
MAWIMA  Malawian Women in Mining Association
MBS  Malawian Bureau of Standards
MCCCI  Malawi Confederation of Chambers of Commerce & Industry
MDC  Malawi Development Corporation (now defunct)
MDC  Management Development Centre
MEDI  Malawian Entrepreneurs Development Institute
MEPC  Malawi Export Promotion Council
MIPA  Malawi Investment Promotion Agency
MTIC  Malawi Trade and Investment Centre
MIRTD  Malawian Industrial Research & Technology Development Centre
MoIT  Ministry of Industry and Trade
MoL  Ministry of Labour
MRFC  Malawi Rural Finance Corporation
MSB  Malawi Savings Bank
MSME  Micro, Small and Medium Enterprises
NABW  National Association of Businesswomen
NASME  National Association of SMEs
NBS  New Building Society Bank, just called NBS Bank
NEEP  National Economic Empowerment Policy
NGO  Non-governmental Organisation
NSO  National Statistical Office
ODPP  Office of the Director of Public Procurement
OIBM  Opportunity International Bank of Malawi
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<tr>
<th>Acronym</th>
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<tr>
<td>OSH</td>
<td>Occupational Safety and Health</td>
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<tr>
<td>OVOP</td>
<td>One Village One Project</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<td>PSD</td>
<td>Private Sector Development</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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About the Author

Garry Whitby has been working in International Development for over 35 years, and has worked on assignments in Malawi from June 1977 until now, including living and working in Malawi from 1977-78, 1986-1988, and 1990-1998.

He is a Chartered Engineer, but now specializes in business sector development. He worked for the private sector in Malawi in his early career, then for DEMAT a business development service organization, undertook a study of economic development potential in the Rural Growth Centres for GTZ, an industrial sector study for UNIDO, became the UNDP/ILO funded Chief Technical Advisor at MEDI, before managing his own development consulting business, PPI Consultants in Malawi managing donor funded interventions, which included the DFID Community Schools Project and School Support Systems Programme.

In 1998 he joined Deloitte & Touche and ran their development consulting business in Southern Africa. During that time he managed a number of DFID programmes in South Africa. He was also involved in pioneering and testing the challenge fund concept in a developing country context.

In 2007-2009 he worked for Danida in Vietnam on their Business Sector Programme Support, as Senior Advisor to the Ministry of Planning and Investment on provincial business environment improvement.

He is currently working on an assignment to help Malawi development a new MSME Policy and Strategic Plan through wide consultation and discussions with key stakeholders in Malawi. Coincidently, he was in Malawi during the July 20th demonstrations and gained first hand comments from respected Malawians on the situation in their country.

His development philosophy is to implement projects with local private sector professionals, with government officials restricted to policy and strategy formulation; and, to develop innovative approaches to implementing development programmes; particularly involving private sector players.
Summary

History
1. Malawi has a long history of supporting small enterprises throughout the country, and under the Banda era (1964-1994) he established a number of business support institutions to promote Malawian enterprises. Initially, these institutions worked reasonably well and had clear mandates which complemented each other. But there was little, if any private sector involvement in their formation or operation, bar token board memberships. Banda famously boasted that the private sector was well and strong ....and owned by Government.

2. Various donor led programmes developed a sector approach to MSME promotion, but since multi-party democracy in 1994 the new governments had their own ideas on what these institutions should do causing confusion and blurring their mandates. Policies were developed in isolation, again with little consultation with the private sector.

Approach
3. Given that Malawi is now fragile and facing being a failed state, the approach for the UK Government should be to work more closely with the private sector, help them organize themselves into business associations and groups to advocate for a better business environment. This will, admittedly, require capacity building to improve management and development of appropriate services for business association members.

4. In addition, the UK Government should seek to develop private sector providers of business services, which have been crowded out of the market by the government backed organizations – which are becoming increasingly less effective, and are certainly inefficient.

5. The Malawi Government should not get involved in implementation, but should concentrate on policy formulation and economic strategy decisions, in consultation with the private sector.

What should be done?
6. Growth programmes should be aimed at strengthening small businesses, they should be broad based, create supportive policies and regulations, and be sector specific.

- Strengthening of private sector institutions to provide training and advisory services; as well as to link small businesses to information, technology, raw materials and markets.
- Improve business and financial management skills to entrepreneurs so that financial institutions feel comfortable to lend
- Capacity building of business associations to provide improved and new services to members
- Create solutions to access to technology and technical skills training
- Holistic assistance to entrepreneurs working in identified growth sectors to overcome the aforementioned constraints


How should it be done?

7. Experience of working in Malawi for over 30 years indicates that implementing programmes is best done with private sector professionals, in consultation with Government officials. But establish open and transparent procedures that the Government officials and the public can see are fair; and, keep eyes and ears open, be aware of what is happening; and, manage programmes by moving around and being visible. Report back to Government officials on a regular basis with facts.

8. Establish management teams, be consultative, involve a cross section of staff at all levels – make it difficult for Senior Officials/Team Leaders to make decisions on their own without consultation. Put them in a position of having to reverse joint decisions agreed at management meetings. Gain wide range of views by consulting junior, middle and senior management separately, in their respective peer groups to prevent pressure from seniors, and get fresh views and ideas from junior members.

The main report discusses the types of interventions that are needed with a situational analysis in Malawi, highlighting weaknesses.
Interventions and Situational Analysis

Background

9. According the Decent Work Country Programme in Malawi the labour force is 6.1 million people; 2.5% work for private business and 1.1% on estates; 3.6% in the public sector meaning that only 442,000 are in formal employment. This leaves 5.6-5.7 million either unemployed/under-employed, employed in subsistence farming, or in the informal sector. The growth in Malawi is bound to come from the Micro, Small, Medium Enterprise sector; where most employment opportunities exist. Therefore, the perceptions of MSME sector stakeholders in Malawi are important; indeed, their participation is required to transform the sector, and release it from Government, albeit well intentioned, interventions.

10. Malawi has many institutions assisting this sector, and they have largely remained the same, but their roles have become confused by Government interventions and policies over the last 10-20 years. Recent decrees by government have been to rationalize the MSME sector institutions, but the mandates for the new institutions have either not been written or thought through but certainly not made available to the existing institution heads or made public.

*Proposed Malawi Development Bank*
Since the collapse of thee Malawi Development Corporation, MDC, there has been no development bank in Malawi. However, the MSB and MRFC, are both wholly government owned; and, they are being considered for merging to form the Malawi Development Bank. Indebank and its small sister, Indefund, were once 50% owned by Government though ADMARC, but are now also wholly government owned. Government bought out the other shareholders – FMO, DEG, IFC and CDC. **International best practice, however, indicates that Governments should not own banks or get involved in provision of finance.**

*Proposed SME Development Board/Enterprise Development Company of Malawi* MEDI, SEDOM and DEMAT are proposed to merge into one organisation. International experience, again, indicates that **business development services and provision of finance are not a good combination** as it is difficult to be both an advisor as well as a debt collector. Should the proposed merger go ahead, it would be advisable that SEDOM’s role in the provision of finance should be rolled into one of the other organisations providing finance, and only their training and industrial estates activities are merged into the new organisation. SEDOM and DEMAT also provide BDS including courses in business management skills, although their activities have reduced in intensity over the last few years. Indeed there is an opinion amongst stakeholders that they have out-lived their usefulness.

*Proposed Malawi Trade and Investment Centre*
MEPC and MIPA are to be merged, indeed were merged on paper this year, but are yet to co-locate. The mandate for the new organisation is the combined mandates
for the separate institutions. Neither institution is strong, now is the opportunity to restructure and reassess their respective mandates.

11. There is a plethora of reports on growth, including the Malawi Growth and Development Strategy, and, indeed the Lilongwe Growth and Development Strategy. There are also many “policies” written by various Ministries. These were drafted supposedly with wide consultation, but there was little evidence that the private sector or public were consulted fully or participated in the drafting of policies. Worse still, the policies were neither disseminated nor implemented.

**Role of Business Associations/Business Membership Organisations**

12. Business Associations can advocate for change in the MSME sector, and reducing the government sponsored interventions which have diminished in quality over time with Governmental budget constraints. Businesses that can organize themselves into groups or associations can provide services to their members at a lower cost and at better. Such services could be:

- Advocacy and lobbying of government and local authorities in removal of policies and de-regulation.
- Joint supply services, marketing, networking and selling services
- Technology and technical process promotion and development
- Provide information, internet & library services
- Adjudicate contracts/provide legal advice and certify product quality & documentation

13. There are a number of business associations representing the MSME sector nationally: NASME and NABW out-lived their usefulness as powerful members lost sight of the aims and bureaucracy was more important than service delivery. Members split off to form new groups or branches, such as IBAM and EEAG. All are re-establishing themselves; indeed fighting for the same members. In addition there are numerous groups and coops. Malawi Congress of Chambers of Commerce and Industry is the apex BMO representing the larger, more established businesses in Malawi (317 members), so MSMEs have moved away from membership of MCCI because of the dominance of the larger companies, and their small voting rights.

14. Consequently, most associations are weak and need management and leadership training to enhance their ability to deliver their respective mandates. Equally, they lack financial resources to truly represent and support their members needs and advocate on their members behalf. There is room for donors to work with business associations, enhance their capacity and assist them develop services for their members and overtake those being provided by government backed organisations.
Management and entrepreneurial development

15. There is a need to develop management and entrepreneurial capacity in small businesses. The approach should couple training with follow-up consultancy and business advice. Training and consultancy should be provided by the private sector. This requires:
   - Development of a cadre of trainers geared towards giving business advisory services as business counselors
   - Owner/entrepreneurs, after short training courses, benefiting from a dedicated business counselor to implement the specific knowledge learnt

16. The key institution for entrepreneurship development in Malawi remains MEDI, with the Polytechnic and the Management Development Centre holding business management courses; including an elective on entrepreneurship. Bunda Agricultural College has recently de-linked from University of Malawi to merge with Natural Resources College; and, these should be encouraged to increase capacity of entrepreneur development, such as agriculture business management.

17. These institutions need enhancing with new resources to fulfil and expand their mandates. MSMEs believe that Malawi needs to start introducing entrepreneurship into schools at an early stage to instil a culture of entrepreneurship and enterprise in young people. There are road-side entrepreneurship and artisanal businesses popping up all over Malawi, but in particular along arterial roads into main cities, such as Lilongwe and Blantyre.

18. Private sector suppliers of management skills training have been somewhat crowded out of the market by government backed institutions, despite great demand for such training. Business Consult Africa was established with DFID funding to fill a perceived gap in the market.

Access to Finance and Financial Services

19. The first step to accessing finance and financial services is to strengthen the small businesses themselves in financial management skills and improve their internal management, to include:
   - Development of the financial management capability within small businesses
   - Improve access to credit for short, long term capital by working with financial institutions to develop SME credit and group guarantee schemes
   - Provision of financial products - such as leasing, rent-to-buy, hire purchase, debt factoring, trade credit etc
   - Assistance in negotiation of loan finance through business counselors, and business plan preparation and appraisal
   - Promotional programmes for financial institutions to better understand small businesses to be receptive to their needs
20. Only 18% of the population in Malawi is banked. The Commercial Banking sector, however, recognise the value of being in the microfinance market: of the 11 commercial banks in Malawi, 6 have departments dealing with micro-credit. The commercial banks are presented by the Bankers Association of Malawi (BAM), who is looking at launching a financial inclusion project with micro-finance institutions such as FINCA and PRIDE.

21. The Malawi Government owned Malawi Savings Bank (MSB) was formed out of the post office savings facility in 1995, but admits that their repayment in the MSME lending has been poor, as low as 60%. The Malawian Government established the Malawi Rural Development Fund (MARDEF) in 2005 and in 2009 introduced the Youth Enterprise Development Fund under the same management. The Malawi Rural Finance Corporation is governments leading institution for loans in rural areas, with repayments as high as 98%, but currently down to 91%.

22. Small Enterprises Development Organisation of Malawi(SEDOM) was established in 1985 and has been giving out loans, capitalised by EU initially, and has managed revolving funds for World Bank and more recently AfDB. Both SEDOM and Development of Malawian Enterprise Trust (DEMAT) were involved in the Small and Medium Enterprise Fund (SMEF), a revolving fund from government at 15% interest. The SMEF was highly politicised and repayments were negligible.

23. Stakeholders, however, feel that this is still not enough, that interest rates are too high, and that more funds should be made available for business start-ups; and, in particular long term lending for capital equipment which could improve efficiency and productivity. It has also been commented that banks do not always understand the business, and therefore are reluctant to lend. But there is an opinion of thought from the financial institutions that access to finance is not the problem, but a cadre of entrepreneurs that understand how to manage and develop their businesses, is the main problem – banks do not want to lend to people who are not enterprising.

Access to Markets and Information

24. For any business to grow and prosper they need to develop and expand their markets, and find new and better customers. This requires

- Identification of market opportunities (local, national, regional and international) and a programme to link small business groups to identified market opportunities
- Direct buyer-seller matching at trade fairs, selling missions and trade consulates
- Promoting business inter-firm cooperation to assess their procurement processes to include sub-contracting from small businesses to larger industries

25. Malawi Export Promotion Council (MEPC), established in 1971 do market surveys, but rarely disseminates the information. Therefore, MSMEs are left to identify their own markets: local retailers and wholesalers will take local produce; but exports are normally organised at a much smaller scale through intermediaries from development projects which have links
with international markets. Getting certification and meeting standards are crucial to export marketing. Malawi Bureau of Standards (MBS) established in 1972 is still not a full member of ISO, and is only a corresponding member.

26. Malawi Investment and Promotion Agency (MIPA) established in 1991 manages the inward investment in Malawi; but is not proactive and does not produce investment materials for its missions around the world. It is only reactive, processing on average 7 applications per month. It does not work with MSMEs although recognises it has a responsibility to MSMEs as they are needed by larger companies wishing to operate in Malawi.

Access to Technology and Skills Training

27. Productivity improvement, expansion and diversification involve process improvement and use of more advanced production methods and technologies. Therefore, the technology related services would include:

- Management of technology and production processes
- Recognized expert technical advisory services in specific process improvements targeted to a particular market
- Training in quality improvement, ISO certification, 6 Sigma, process control, and planned maintenance

28. The apex body for technology development is the Malawi Industrial Research and Technology Development Centre (MIRTDC), which became operational in 1993. It has developed a number of technologies for rural enterprise; but it estimated to have only helped 200 MSMEs since inception; and is reportedly proposed to merge with a new University of Science and Technology.

29. The higher education sector cannot take all qualifying students, and there are 10 students for every place in a Malawian university. This means that many Malawians do not get into University and need alternative forms of education and training. Skills training are handled by the TEVETA, which levies industry for a skills training. TEVET accredits technical skills training curriculum and institutions. National Construction Industry Council - NCIC provides training targeting the construction industry.

Access to Land and Workspace

30. Access to workspace and purpose built structures for MSMEs would have an impact as most operate informally at the road side. A permanent structure would:

- enhance the ability of MSME to get finance, because banks need a permanent address before giving loans
- improve their ability to get certification of produce, because businesses needed clean and hygienic premises from which to operate
- businesses need permanent structures for decent work and OSH for its employees
31. Therefore, MSMEs need better access to land and industrial shells. There are industrial sites in Malawi for larger businesses. The Ministry of Housing and Urban Development allocates land for light industrial use, which would be suitable for MSMEs, mainly on leasehold for 99 years, although there are some cases of freehold being granted in urban. But unless land is made available along main thoroughfares into towns, enterprises are unlikely to occupy out-of-the-way sites allocated for small business activity.

32. Enterprises prefer to occupy freehold land just outside urban areas because of lesser restrictions from authorities. Authorities such as District Assemblies, and Lands and Physical Planning need to move quickly because land is being occupied in an un-planned manner affecting future orderly establishment of urban expansion. In rural areas customary land is deemed to be public land, and the Chief has the powers to allocate land for occupancy and specific use. Once allocated, the “owner” can apply for a lease in his/her name though the District Commissioner, who approaches the Land Commissioner. Once granted it then becomes private land on leasehold for 99 years.

33. The new Land Bill, which is currently with Cabinet for approval before being sent to Parliament, aims to change the law so that once land has been allocated by the Chief, the land can be registered without applying for a lease in the owner’s name, and once registered it becomes freehold, which can then be used for collateral with a bank – although the banks still have to accept this.

**Business environment improvement**

34. Malawi faces the challenge of speeding up and broadening the regulatory reforms process to stimulate market growth. Finding ways to speed up change is an urgent matter. There is a need for an inventory of regulations and a transparent process of rapidly reviewing regulations against simple criteria

- Is the regulation legal?
- Is the regulation necessary for future policy needs?
- Is the regulation business-friendly?

35. The aim is to identify unnecessary, outdated, complex, and illegal regulations that no longer serve a useful purpose. The burden should then be on the regulator to defend why the regulation should be kept; or it should be eliminated. Each regulation should passes through three levels of review – by ministries/departments themselves, by business stakeholders, and by an independent decision making unit, which develops the final recommendations. Surviving regulations are placed into a comprehensive electronic regulatory registry to improve legal security and transparency as it is maintained in the future.
Model for Growth and Job Creation
1) CONDITIONS under which the UK could provide development assistance to MALAWI

British Aid to any country should be conditional on Budget Transparency and on the protection of Civil Liberties by Government. Malawi is no exception.

DFID should now prioritize (1) Universal Family Planning, the provision of Basic Health Services for all the Rural Poor, and providing drugs for curable diseases (2) Private Sector development.

British Aid should terminate (1) Budget Support, (2) Support for fertilizer subsidy (3) Funding for HIV/AIDS.

Britain should require Malawian health staff in UK to return to work in Malawi and provide incentives for them to do so.

THE DEVELOPMENT SITUATION in MALAWI

Donor Aid has been based on optimistic and politically correct ideas from wealthy countries. But this foreign funding has saved Malawian leaders from addressing the causes of the deteriorating plight of their people. Britain cannot solve those problems; that responsibility must now be passed to the numerous educated and professional Malawians – the doctors, nurses, engineers, teachers, accountants, businessmen, lawyers, civil servants, clergy, civic leaders and farmers etc. The President must co-operate with them, and with elected MPs. If he and they cannot manage to perceive all these facts, then disaster will soon come. The problems are huge – but united they must tackle them.

1) MDGs concerning Poverty, Maternal Mortality, Child Mortality, Gender and the Environment

A) Population and Land - 85% of Malawians live in villages as subsistence farmers.

The human population has increased from 4 million to 15 million in 30 years. With a birthrate of 6 children per woman, sub-divided family gardens have become too small for survival – “from 0.3 hectares of land you cannot grow enough food to feed the family in Malawi” (Oxfam). Donors have not grasped this nettle of over-population, nor have Malawians. Is it immoral for Britain to fund policies which keep people in worsening poverty and malnutrition? Should UK Parliament progress to a demographic conditionality?

“Donor policies enable governments to tell everyone their problems are being solved, when they are worsening. The biggest problem here is malnutrition. Food is being distributed now by WFP, but as these big families survive and the local population increases, long term food shortages are becoming worse. NO POLITICIANS in Malawi or in Donor countries will face this……so Malawians are becoming steadily more dependent on foreign aid.” (Scots doctor)

Malawian University student: “In Chikwawa district, men with cattle can buy many wives. One man in my Paiwa village has 3 wives and 17 children By begetting large families, my Sena people in the Lower Shire Valley are digging their own graves…. our land is desertifying. Malawi should at least strive to achieve a low birthrate.”

“Soil fertility declined in 1990s, most farmers produce only enough food to last 4 months” Action Aid Report 2002
Projects to prevent measles and diarrhoea may save some lives but, with a high fertility rate, they may also increase the widespread malnutrition. This is the predictable result of infant survival campaigns without birth control. And, since health cannot be imposed on malnutrition, diseases like TB, pneumonia, malaria and meningitis are now flourishing.

Despite major UNICEF programmes, Mzimba district birthrate is still 6.7 children per woman, with population increase of 3.7% a year - with worsening malnutrition, deforestation, soil erosion, and drying rivers. Good rains no longer make up for past droughts here. The water table is now sinking in Mzimba district, causing many wells, village boreholes, and gravity piped systems to dry up. There is no easy solution to Mzimba’s water plight- UNICEF 1997.

1995 UN nutrition project at Usisya, a lakeshore village, with about 30 babies born per week at a small health centre. By 2008, the land is crowded, with degrading sandy soil, and continual famines. Fishermen complain that fish stocks in Lake Malawi are declining. A lady said –“With no birth control in Usisya, we have to go on until we have 12 children!”

Should both Donors and Malawians meekly await – and ensure - the next famine? – like East Africa?

B) Family Planning

Donors assume people want birth control if they are healthy and educated. Probably the converse is true – if men and women can make responsible decisions about sex, marriage and parenthood, benefits to their families will follow.

In Malaysia (1967-70) we saw a rapid improvement in living standards of Singapore once Mr. Lee Kwan Yew’s government insisted all citizens must replace old Chinese concubinage with a one wife and only two children policy. This was achieved with tax incentives and very good family planning services. In Chinese culture, the good of society takes precedence over the rights of the individual. African culture is different but the message is the same.

“Ana ndi chuma cha mtosogola” – Beget children to increase the crowds at funerals – Malawian Chichewa Song

Make Family Planning Services easily available to every Malawian Man and Woman and thus enable them to take charge of their own lives and families – this is real human liberation. A low birthrate is now the only way out of poverty for Malawi. Political support for one-wife marriage and small families is urgently needed to save the soil, trees and rivers which sustain life in Malawi.

80% of Malawians are Christian. As contraception allows a couple to avoid polygamy and live in a faithful Christian Marriage, Catholic Mission Hospitals should be informed that DFID can only support Mission Hospitals with family planning clinics. (But we would not expect Catholic hospitals to perform abortions).

All parents want a better future for their children and this is the political justification for universal family planning.

Abortion Support is needed for all levels of Family Planning, including the Morning-After Pill and Abortion facilities to reduce the maternal mortality caused by unsafe abortions – there were 70,000 unsafe abortions in 2009 alone causing 17% of maternal deaths. Abortion is still officially illegal in Malawi and now is being re-considered by government.

In 1994, a Meeting of SubSaharan African Medical Associations in Malawi recommended that safe abortion should be legal in all African countries. They also advised that HIV-positive pregnant women should be offered termination - because the lower immunity caused by pregnancy hastens rapid progress to full blown AIDS and death.

We hope our British Government asks the Malawi Government to give precedence to the advice of the Malawi Medical Profession and the Malawi Nursing Profession about regulations for safe abortion. Religious objections to safe abortion are akin to stoning women to death in Arabia.

Family Planning is very well received now – but the service is not adequate for the needs of 10 million Malawian adults - including teenagers. DFID has supported Marie Stopes International and Banja la Mtosogola with its two dozen clinics, based in towns, with staff going on outreach trips to do surgical mini-lap tubal ligations in villages – plus vasectomies. Banja does well, but it charges clients. Extra funds for more Banja clinics would be DFID money well spent.

British Aid should now prioritize supporting birth control services in all the overcrowded and understaffed government District Hospitals and Health Centres. As Malawian patients come in huge numbers to these free hospitals, DFID should
provide extra Family Planning staff to visit the wards and clinics - to advise and serve all parents of sick and starving children, all ante- and post-natal mothers and maternity patients, and all adult in-patients and outpatients (usually with malnutrition, TB, HIV, malaria, pneumonia, and surgical conditions) – these people may not be in a good situation to bring another child into the world.

Rural Health Centres until 1997 were staffed with one Medical Assistant and two Nurses. By 2005 half were closed, and others only opened occasionally – due to so many staff dying of HIV or migrating to UK. Thousands of Malawians lost their local health and birth control services. DFID should fund training programmes to provide enough Medical Assistants, Clinical Officers, Nurses and Assistant Nurses to allow all Health Centres to re-open – with family planning services. DFID should also start a Maintenance Project for Rural Health Centres and staff houses.

C) Health Staff Training

Doctors are trained at College of Medicine (founded 1991) - intake 60 per year now. A few went to the District Hospitals with 150 beds (and very many floor patients). Now at District Hospitals, they are busy with administration. However Malawian doctors can, and do go abroad, so their skills are lost to Malawi. If they come to UK for further training, most remain here- especially if they have learned technical skills that cannot be practiced in Malawi. Their salaries are higher in UK. Britain should require Malawian doctors to return to Malawi - with extra support.

Most of the “doctoring” in rural Malawi is done by Clinical Officers, some managing hospitals with no doctors. The Clinical Officer cadre is an affordable grade and often very competent. Most of the surgical operations, including trauma and orthopaedics, and Caesarian Sections and tubal ligations, are performed by Clinical Officers (not doctors). Clinical Officers have been trained at Lilongwe College of Health Sciences - there is also a lower grade of Medical Assistant with two-year training. Both these grades do not have internationally recognized qualifications so they stay in Malawi.

British Aid could raise standards of health care delivery across Malawi by financing these paramedical training courses.

a) Improve the training and increase the numbers of Clinical Officers. This would provide real grass roots help to the neglected patients in all District Hospitals, and support Safer Motherhood and Family Planning services

b) Medical Assistants (two year training) have for a century manned Rural Health Centres - often with no electricity or water and the MA may have to fetch water from a stream, organize digging pit latrines, and deal with the local chiefs and the sometimes violent witchcraft threats. It is a tough job! The trusted MA is the local medical practitioner for all health problems – malaria, TB, HIV, Diarrhoea, malnutrition, trauma injuries, mothers in labour, babies and children, – reporting epidemics of cholera, Sleeping Sickness, rabies etc. In townships the challenges may be even rougher! Sadly, as Medical Assistant training courses have declined, many Health Centres have virtually closed.

c) Degree Nurses – Although NHS Code of Practice changed in 2001 to prevent recruitment of nurses from developing countries, 322 Malawian graduate nurses came to work in Britain 2002-5 (DFID Report 2007). Parliament should now require and support their return to Malawi - to minister to the thousands of sick and suffering with little health care now.

d) Diploma Nurses have been phased out, but these nurses used to be valuable and caring professionals in Malawi. We need more of them, if DFID could fund their training.

e) A trial of local in-hospital training of Assistant Nurses began in 2006 in Malawi. These nurses – daily in the wards and clinics, with visiting tutors coming to supervise and teach them – were very valuable. They could manage wound dressings, injections, and assist in the operating theatre and labour wards. Each District Hospital recruited about 25 local school leavers, both boys and girls. They lived at home and walked daily to the hospital in pink uniforms. The patients liked and trusted them because they are “our own tribal people”. This was an economic way to train good nurses. Unfortunately this course was phased out, due to financial constraints, jealousy from the “proper nurses” and the College of Nursing, and prob lems with the Ministry of Health pay-scale.

2) MDG Combat - HIV

UK should phase out the funding for antiretroviral drugs in Malawi (withdraw from the Global Fund for ARVs).
Responsibility for HIV/AIDS must be passed to the Malawi Government.

Basic health services, medicines and family planning at Rural Health Centres would benefit thousands of HIV-patients and prolong their survival.

For global politicians, protecting sexual privacy with “human rights” has been more important than identifying HIV-carriers. HIV-testing was not allowed without consent. Thus the United Nations and Donor Governments ensured that the HIV-1 virus, which threatened all hetero-sexual adults and their unborn children in Malawi, was a hidden danger - and so spread to millions. There are no accurate HIV statistics, because claims are now made only from the results of persons asking to be HIV-tested. “Most people who behave carelessly refuse HIV-tests” – Malawian Medical Assistant

a) All surveys in Malawi over 25 years have shown that HIV-prevalence is three times higher amongst educated people than amongst illiterate persons. Today the Malawi Medical Journal reports HIV is spreading rapidly among youths, especially aged 15 – 24. However, if only students testing HIV-negative were admitted to further education and training, young people would have an immediate incentive to avoid risky behavior. This problem should be discussed by Malawians and not dictated by parliamentary lobbies from different situations in Europe and America.

b) Government tax support for monogamous marriage.

c) The compromised immune system of pregnancy, and the stress of childbirth in HIV-infected mothers hastens the onset of Full Blown AIDS. This causes the high maternal mortality and young female HIV-deaths in Malawi. HIV-infected ladies should avoid pregnancy – in order to survive perhaps many years longer.

d) In Malawi, about half of infants born to HIV-positive mothers may develop AIDS. Powder milk is not affordable. Already Malawi has more than a million orphans – thousands bereft of care. Nobody can defend the “human right” of HIV-infected men and women to beget children. Good family planning is needed.

e) Only US $3 per person per year is spent on health in Malawi, In 2005 the total cost of ARVs for only 30,000 clients was more than the total budget to fund all Government hospitals in Malawi. ARVs costing $22 per month per client were supplied whilst hospitals lacked sutures, bandages, plaster of paris, quinine to cure malaria, cheap praziquantals to cure bilharzia, pethidine, antibiotics etc. DFID must prioritize the clinical services and cheap drugs which cure diseases and benefit all poor Malawians. The basic needs of the millions who could be cured, should be met first.

f) As HIV-carriers survive longer, many transmit this virus to more people. If they migrate to other countries they are likely to spread this disease further. This is the sad reality of HIV1-C, which Parliament must face.

3) MDG - Education

Books for schools, technical schools and public libraries would be cheap and good aid. Teachers have often come out of village schools begging us for more books. DFID should stop college and school building projects (lots of corruption). Send plenty of interesting ideas into the deprivation of village life. We built a public library at Nkhata Bay for £8,500 giving small tranches of money to the DC as each bit was built. Local students achieved excellent exam grades with textbooks discarded from Cambridge schools.

4) MDG – Environmental Sustainability

Chemical fertilizer degrades soil. English wheat crops are now manured with sludge from sewage. Durban in South Africa has pioneered township projects collecting human urine, and paying each household for this! There is scope for Composting Projects, and rain-water harvesting. We are concerned at the devastating effect of the fertilizer subsidy and we think that DFID’s support for this should have a clear and short term exit strategy.

5) MDG – Global Partnerships - Opportunities for Economic Growth and Job Creation in Malawi
We understand DFID is scaling up its support for private sector development. We warmly support this as Malawi badly needs a more diversified, and sustainable, and export oriented economy. Sectors for possible British support include – Solar Power, Cotton Farming, Cotton manufacturing, Composting latrines, Fruit Orchards and fruit processing, and manufacturing Sugar products - could be just a few possibilities.

Malawi is a beautiful land for holidays. Could a British Airline operate direct flights UK/Lilongwe………even rehabilitate Lilongwe Airport? Package Tourism could flourish with Malawi’s nice hotels and tourist lodges and the climate is lovely all the year.

Books enclosed to support this Submission:

Arco Books 2000

Arco Books 2007

Conditions under which UK should continue to provide development assistance to Malawi

Aid should perhaps resume on a gradual step by step basis, starting with monitored projects. Further project funding should depend on protection of civil liberties, and public transparency of Malawi government expenditure - allowing no off-budget payments in future. political and local community leadership for reducing the birthrate, and reports from the British High Commissioner.

a) No money should go into general Malawi Budget Support – DFID should fund specific projects, or tag money intended for perhaps a hospital or school. (Avoid building projects – lots of corruption!)

b) Terminate support for fertilizer subsidy

c) Health -DFID should support major expansion of Family Planning services and repair all Health Centres. DFID should focus on training more Clinical Officers, Medical Assistants, Nurses and Assistant Nurses.

Pass responsibility for HIV/AIDS to the Malawi government and phase out funding antiretroviral drugs. Britain should justifiably support basic curative medical and emergency services for 12 million poor, rural Malawians - and drugs for widespread curable diseases like bilharzia and Sleeping Sickness.

Postscript

Several British Diplomats have mentioned concerns to us: “People coming here from UK have deluded ideas about African problems. Countries should not become completely Aid-dependent like Malawi is now. Britain is giving too much money to Malawi, and we think we should reduce it gradually….so as to pull out eventually.”

“Asafter ministering in Malawi for 30 years, I see Foreign Aid carries in it the seeds of destruction” – British Anglican Priest

For reference:

“The Story of Medicine and Disease in Malawi – the 150 Years since Livingstone”
British aid for Malawi

1. Until 1994, Britain funded British professionals to train Malawians and organize efficient projects. These Britons established good relations with Malawi. Sadly, United Nations Agencies ensured that Malawi’s real problem – the birthrate of 7 children per woman – was taboo. So the population has increased from 5 million to 15 million in 30 years, with worsening shortages of fuel, water, and food.

2. Please can British funds for UN Agencies and for the European Union now be greatly reduced? The UN Agencies are accountable to NOBODY, and we have witnessed their lavish style and money wasted on grandstanding superfluous ideas. The EU spends huge sums on its staff and palatial offices, and we have seen EU staff sacked because they could see some EU policies were inappropriate for Malawi!

3. Please spend British money on MODEST, well organized British projects – with expenditure and efficacy overseen by British staff. (The Malawi Government now has a big income from Uranium mining and should be accountable to the nation on how it spends the taxes it can raise.) Please approach the dire poverty of Malawians with humility? Mrs. Joyce Banda faces grave problems – but with some well managed British projects, health and other services for the poor could quietly and gradually be improved.

4. Train more staff for Health Centres and District Hospitals. This should be a primary focus of DFID policies to provide Universal Family Planning, together with basic medical services. Training enough paramedics is vital. Reliable supply of basic drugs is also required. African health staff must manage all patients (male, female, children) with all conditions. Please focus on a basic service and not on specific diseases or people.

5. Try to build improvements on the present situation - repair health centres, schools, colleges, factories or farms etc. Village teachers with 70+ pupils sitting either on a mud floor, or out under a tree, might welcome dozens of British educational posters to pin up on a wall or tree, and more school books.

6. Politics - Malawi has dual systems – British colonial government heritage and tribal customary rule by chiefs and village headmen. Rural Malawians are unaware of statutory laws, and their lands and daily life are determined by their chiefs. Previous Presidents of Malawi, once in power, have solicited uneducated chiefs to defeat their educated political rivals. We hope Mrs. Banda and Mr. Khumbo Kachali can politick. Chiefs and Village Headmen to support universal family planning to reduce the birthrate. Please encourage Mr. Kachali to influence the powerful Ngoni Chiefs. Male leadership to support family planning is a winner.

1997 Mr. Chakufwa Chihana (late Aford Leader) announced to crowds in Nddirande township, Blantyre: “As long as our birthrate grossly exceeds our death rate, then poverty alleviation is a non-starter” - This message needs to be trumpeted daily across Malawi on radio, and television.

7. Typical Health Centres we visited in 2008

By 2008, Matron "out of 14 Health Centres in Nkhata Bay district, 8 now have NO nurse or Medical Assistant – in fact no service at all because HSAs cannot out medicines."

a- Mpamba by main Mzuzu– Nkhata Bay road - No electricity or running water, no paraffin for the sterilizer for a year now, no lights or torches. The Medical Assistant uses his mobile phone light to examine patients in the dark, including maternity cases. He has had no sutures for 3 months now – he usually uses 5 sutures each day and several at night. Also he now has no quinine, cotrimoxal, or penicillin.

“Villagers curse me and want me to leave my job…….please ask the Ministry for more supplies of drugs and sutures……nothing? “ He spreads his hands in despair, a smile on his face.

b- Ruarwe Health Centre had no staff for 15 years – MA just returned after 4 weeks there 2007 – “The MA’s house had no lock on the door and no water supply because the pipe from the waterfall has been washed away. The Health Centre was awful with no water and no lavatories. Black flies there cause onchoceriasis.”
b-Rumphi District – only 8 out of 20 Health Centres have running water. The rest collect it in pails. Matron says young nurses do not want to go alone out to work in the Bush with no power and no water. Thundawike HC - no water, one nurse delivers 80 babies per month. Villagers have to walk through tsetse flies to dig muddy water out of a dried up river bed in the Dry Season.

8. CORRUPTION

October 2008  We visited Dr. Landson Mhango, Vice Chancellor of Mzuzu University, about possible Clinical Officer Surgery degree courses. He replied that Malawi Government had only funded one paramedic course at Mzuzu University for a year, and then refused any more funding.

He complained to us of “corruption from top to bottom in the Malawi Government and Civil Service. Government Ministries now want all Donor Funds to go through Central Government in Lilongwe and NOT be given directly to Institutions for courses...........so civil servants can divert a lot of money into their own pockets.”

Recently arriving here from UK, he found 49% of Mzuzu University budget was spent on unnecessary trips by staff to workshops and conferences. He has stopped all that. Staff must now stay at their posts and only visits for essential purposes can now be funded. So he has saved a huge amount of money. But he has been threatened with losing his job – “I am willing to risk my job because I care about my country.”

“If the budget for roads in Mzuzu had actually all been spent on roads, we should have wonderful road networks. Where has all that money gone?”

“In Nkhata Bay there are no minutes kept of District Assembly Meetings......so money has not been accounted for and the people complain they do not trust their civil servants” (Dr.Landson Mhango died in 2010)

In a Mzuzu street, we met an old British friend alleging some Asians had paid millions as backhanders to a former President of Malawi to buy Vizara and Raiply Companies in Malawi.

A District Health Officer says the money spent by the National AIDS Commission is the worst corruption he has yet seen in Malawi. “NAC has given a big grant for bejeweled females to cruise around Malawi in huge vehicles, to take our staff away from saving lives in hospitals. Ward staff know far more about HIV than these rich officials. Villagers are angry that there was no nurse in children’s and female wards today, because staff are all paid more than a month’s salary for attending the useless AIDS Workshop for 6 days.”

Nkhata Bay church spies note an agricultural officer received money to pay assessors for 4 days work to find “poor persons” to receive fertilizer subsidy. But he only paid the assessors to work for one day - and pocketed the rest.
(In Lisali village 40 couples will get coupons to buy fertilizer for MK800 per 50kg bag, market price MK8,000 per bag)

The church spies also allege lots of petrol coupon fraud for official cars. And a nurse in charge of HIV clinics takes her family to Global Fund AIDS Workshops so that only they get the good Per Diem payments. The young Malawian doctor is unpopular because he is trying to resist all this, but other local civil servants are not trusted. Staff were ordered to remove the handles from the new library windows so they could be put on a house built by a local civil servant - to let for high rent to UN staff.

A local official leading the “fight against AIDS” at lucrative Global Fund workshops apparently had 2 wives, 3 mistresses, 7 children - and so far he had acquired land and funds to build for himself 4 houses! Even after he was moved away, lorry loads of “corrupted cement” were rumoured to be arriving here.

2008 – South African government apparently complained that Malawi Government was spending more than other African country in sending VIPs to Johannesburg private hospitals. When a brave Malawians surgeon (at the Ministry in Lilongwe) stopped this, top Malawian civil servants and politicians ensured he was sacked.

2008 Tea with British High Commissioner - he says “UK gives Malawi Government a cheque for £70 million each year.” - I ask “Is this actually helping poor Malawians or making the corrupt rich much richer?”

DFID Lilongwe says all policy decisions are made by Ministry of Health. We ask how British money can ever reach district hospitals and health centres?
MAL 3X
January 2012 – American Mission doctor visiting us in UK – “Please ask your government to send all payments directly to our Malawian district hospitals, because we have huge problems in extracting any funds from the Ministry of Health in Lilongwe.”

21 May 2012
Written evidence submitted by Billy Mayaya

How the United Kingdom can best help improve opportunities for economic growth, job creation and meeting the Millennium Development Goals

1. The United Kingdom can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goals by insisting that the Government of Malawi abandons the so-called Zero Deficit budget and focus on a conducive domestic environment for growth through the adoption and implementation of economic policy reforms and improvement of macroeconomic management. The UK must insist on renewed commitment on the part of the government to privatization, greater fiscal discipline, and more realistic exchange rates in order to ensure macroeconomic stability that is essential for growth. On the political front, the increasing Malawi to the principles of democracy, rule of law, and good governance are critical to greater stability and reduced incidences of conflicts.

2. This requires broadening and deepening of political and economic reforms. Such reforms are necessary for Malawi to effectively mobilize domestic resources and attract foreign investment and capital flows. Malawi can move towards sustaining economic growth by prudently managing and investing their windfalls from the surge in commodity prices in the building of infrastructure and human capital and in the diversification of its economy. Malawi. In this regard Malawi will need to be supported by the United Kingdom.

3. In recent months, economic growth in Malawi has not been pro-poor. Poverty is increasing and Malawi is not on track towards meeting the MDGs. A major challenge facing the nation is how to promote equity with growth and improve the quality of its economic growth by making it pro-poor, and ensure that growth is broadly shared in terms of generating employment, poverty reduction and attainment of the Millennium Development Goals. The UK must insist on the implementation of policies that center on economic growth which in turn leads to sustainable poverty reduction. This entails the diversification of the sources of the growth and the adoption of policy measures to ensure that the poor partake in the benefits of economic growth. Poverty in Malawi is heavily concentrated in rural areas and among disadvantaged groups, especially women, youth and informal sector operators. Empowerment of people at the grassroots level and disadvantaged groups to enhance their capacity for productive employment and decent income is critical to the attainment of sustainable economic growth and poverty reduction. There is need to mainstream gender in the conception, design and implementation of policies and programmes and to provide special interventions for the reductions of major gender disparities.

1 Spokesperson for the July 20th 2011 Demonstrations. Works as Programme Manager for Church and Society CCAP Blantyre Synod, the Human Rights and Advocacy department of the Presbyterian Church in Malawi. As serves as Chairperson for the Civic and Political Rights Committee of the Malawi Human Rights Commission
4. Demands by the British Government to increased adherence by the Government of Malawi to the principles of democracy, rule of law, respect for human rights, transparency and accountability, will in turn contribute to the reduction of conflicts, enhancement of political stability, and reduction of political risks for investors. Economic policy reforms, including privatization and the strengthening of public-private sector partnerships, will also create opportunities for private investment in Malawi. The UK must support reforms in the investment regulatory framework, as a means to improving the environment for investment. This must include strategies to simplify investment procedures to reduce the length of time as well as the cost of business establishment in Malawi. Restrictions on the repatriation of profits and the use of non-indigenous manpower must be eliminated or reduced.

5. The UK can contribute to making Malawi a more favourable environment for investment and business by supporting national efforts to achieve sustainable economic growth and attain the MDGs. There is need to examine the accumulation of new debt and how it is affecting the creation of a conducive environment. Movement towards renewed debt relief through elimination of the burden of external debt is an important channel through which the British Government can assist Malawi to improve its environment for growth and investment.

The Role of DfID in protecting civil liberties including freedom of expression and Access to Justice

6. Freedom of expression is a cornerstone of democratic rights and freedoms. Freedom of expression is essential in enabling democracy to work and public participation in decision-making. Citizens cannot exercise their right to vote effectively or take part in public decision-making if they do not have free access to information and ideas and are not able to express their views freely. Freedom of expression is thus not only important for individual dignity but also to participation, accountability and democracy. Violations of freedom of expression often go hand in hand with other violations, in particular the right to freedom of association and assembly.

7. The definition, protection and promotion of civil liberties have to be at the centre of development aid in Malawi. DfID’s mandate to relieve poverty, distress and suffering is inevitably affected by the overall civil liberties situation in the overall context of Malawi’s sociopolitical dynamics. A continued disregard for civil liberties and fundamental freedoms by the Government of Malawi will lead to more conflict and instability which will undermine the conditions needed for sustainable development. The consequences may include the displacement of people, the destruction of property and social infrastructure such as roads and health clinics, the diversion of public resources to security expenditure or capital flight. DfID’s development work focuses on people and communities whose civil liberties are being violated as is the case in Malawi as a result of extreme inequalities and exploitation. Belief in the full and equal civil liberties of all
Malawians must continue to be central to DfID’s approach. Its role must be to assist Malawians whose civil liberties are being denied for reasons only known to the Government of Malawi. Working towards preventing the underlying causes of such abuses of civil liberties must permeate Malawi’s bilateral ties with the United Kingdom.

8. DfID needs to augment its support to civil society organisations as well as constitutional bodies such as the Malawian Human Rights Commission, the Law Commission, the Office of the Ombudsman in the area of civil liberties and Access to Justice as they are rapidly eroding.

9. In this regard, DfID must place emphasis on increased civic education on civil liberties particularly directed at the rural poor and other disadvantaged people in Malawi where abuses will sadly continue to occur. Ignorance of their civil liberties heightens people’s vulnerability to abuses and impedes their capacity to access justice.

10. Generally, education is a basic human right that is denied to a large majority of Malawians by virtue of their poverty, gender and cultural identity. Education is key in this strategy as it enables people to be more confident about defending and asserting their rights and recognizing those of others. DfID’s current Access to Justice interventions in Malawi must be scaled up to include a wide range of informal education programmes for groups of poor and marginalized Malawians to promote their awareness and confidence pertaining to their legal rights. These must include more in-depth training of paralegals to conduct more outreach work particularly in the remotest locations of Malawi and to intervene when specific abuses occur. Additionally, there is a need for DfID to support material development that presents Access to Justice issues are presented in a user-friendly manner that makes information accessible to illiterate people. DfID must also provide resources for educational interventions particularly for victims and families of human rights abuses e.g. the victims of the July 20 demonstrations, many of whom may have only limited levels of education and very little prior background or preparation in legal or human rights matters before finding themselves in a situation of trying to establish and defend these rights. Very often, the direct victims of abuses are young men and women who played a vital part in the economic livelihoods of their households or families. In cases where families are vulnerable or destitute as a result of the abuse of civil liberties.

11. DfID must encourage the institution and support various legal information programme within organisations so as to form a buffer for the defense of victims of violations of civil liberties. The members of such groups particularly in churches are predominantly poor women who have very little awareness of their civil liberties or due process; and who may be left to fend alone when their relatives are imprisoned. They may be unable to afford to pay for reliable legal advice to ensure that their relatives receive fair treatment or redress. These people are endlessly in the frontline pressing for the release of their loved ones, trying to get information and to care for prisoners’ families. Their efforts are frequently subject to surveillance and harassment; homes and offices may be raided or
ransacked or threats made against individual members. They face immediate emotional suffering and may spend years trying to establish the whereabouts of relatives. DfID must support the establishment of more Resource and Documentation Centres whose purpose will be to provide information about legal instruments and remedies available to counter violation of civil liberties. These must include specialist advice to tenant farmers about their entitlement to land and other natural resources. Other must provide counselling and economic support for women and children who have suffered sexual torture, violence or rape, whether in the workplace, at home or at the hands of security officials. Such centres must provide legal aid or low cost advisory services for poor people who are particularly vulnerable to abuse; e.g. migrant labourers, sex workers or street children who might otherwise face illegal detainment or extortion.

The conditions under which the UK should continue to provide development assistance to Malawi

12. The United Kingdom must continue to exert pressure on the Malawian Government by continuing to withhold its general budget support, which is meant for the government to deliver its strategies for poverty reduction against an agreed set of targets. As long as there is no commitment to improved Democratic Governance and fundamental freedoms are suppressed, civil society organisations are intimidated and the enactment of bad laws that stifle the development of Malawi’s democracy is the order of the day, then these resources must be directed towards alternative channels of development namely civil society organisations.

13. The UK must continue to demand that aid effectiveness is a priority. Therefore emphasis must be placed on the Government to devalue the Malawian Kwacha as the important first step in reverting the already dire economic situation and bringing Malawi on-track with its IMF programme.

14. The conditions under which the UK should continue to provide development assistance to Malawi should be conditional to the incremental progress being made towards democracy, respect for human rights, and lawful governance. This must be inextricably linked to the annual allocation of UK funds to Malawi. Political development must be placed on a comparable footing with progress in economic reforms and the establishment of a market-oriented economy.

15. A careful assessment of the needs and opportunities in Malawi must be explored continually. In this regard, DfID must conduct a rigorous annual assessment to establish a framework that will enable the UK to determine where to begin, where to focus its attention and what priority to assign to different key areas in view of the current status of affairs.

16. Three considerations should guide the development of UK strategies to support democratic political development. First, such strategies should be specific, tailored to local needs and responsive to local development constraints. Second, these strategies
should be consistent with social and economic development strategies, taking into consideration the full range of priority development constraints and opportunities. Third, there is no standardized institutional model that underlies different strategies.

17. Lastly, resources permitting it would be important for select voices from Malawi to be availed an opportunity to testify before the International Development Committee to underscore the importance of Malawi’s historical relationship with the United Kingdom as a means of setting the momentum towards the restoration of diplomatic relations

February 2012
My involvement with Malawi started in 2000 when I tried to volunteer to join a team tasked by the EU with improving the management of physical assets within the Ministry of Health and Population. These attempts were thwarted by indecision within the MOHP.

In order to proceed with the project the supervising company, Group 5 (Netherlands), gained EU permission to recruit 3 suitable advisors. I was one of those selected, but not until 2001.

After a briefing in Lilongwe I was allocated to the Southern Region based in Queen Elizabeth Hospital in Blantyre. From this base my duties covered all District Hospitals and Clinics in the Region and I was expected to liaise with staff from DfID, GTZ, the Dutch Exit Team and the University College of Medicine.

Although there were several aspects of our remit unfinished the EU terminated funding in 2004 and the project staff dispersed home.

While not delivering all of the MOHP’s laudable objectives we made significant progress in adverse conditions but were aware of constraints caused by government involvement and inaction in delivering local resources such as staff.

Lack of suitably trained staff was a constant problem exacerbated by inadequate basic qualifications of the majority of staff to permit advanced training in Europe or South Africa.

Product training when available proved to be very successful but allowances were generous to a point where they were rarely cost effective.

Too many senior administrators/management lacked the technical training to appreciate the problem or implement a plan to rectify the problem.

As an advisor I could not initiate remedial action and, indeed, had to be politically aware of underlying reasons for apparently illogical policies.

In 2007 I returned to Malawi on holiday with my wife at which time we were allowed to visit Kayadzi Primary School, near Nkhotakota, to drop-off footballs etc. As trained teachers we were impressed by the commitment and dedication of staff and pupils and shocked by the paucity of materials and facilities not to mention excessive numbers in the classes.

We spoke to the head teacher and his assistant and agreed to support the school within the limits of our resources. An immediate request was for football and netball outfits for the school teams.

Once home it was soon obvious that transport costs were high and surface delivery slow, making sending goods out impracticable. We were however able to fund purchase of building supplies such as cement and door locks.

For a return visit in 2009 we requested a wish list and managed to use our baggage allowance to meet immediate requests.

While in Malawi we were invited to a meeting of the school board and local chiefs to show their appreciation of our limited actions on the pupils’ behalf to date.

At the meeting we agreed to paying for a number of essentials such as supplying desks and chairs, roofing materials as well as meeting secondary school fees for 2 disadvantaged children.
The question of additional staff housing was raised as no funds were available to roof an otherwise complete building and another (4th) house would simplify travel for one staff member. We paid for roofing of one house and agreed to meet the construction costs of another. Ex-pat friends managed and augmented the funds required, drip feeding money as work progressed.

It is worth stressing that up to this point neither the head nor his assistant had asked or hinted for anything for their personal advantage. Requests were always for essential teaching materials and this encouraged us to do everything possible to help.

The head wrote asking if the house being built could be made larger than the others so that it could include a secure storage area for records and valuable materials. We were only too happy to agree but stressed it may take time for us to raise the extra funds.

On hearing that the house was due to be completed mid 2011 we arranged a visit and acquired a large quantity of pens, pencils, calculators, books etc, using our baggage allowance to its full.

On arrival it was obvious that all was not well in Malawi the regression being increasingly noticeable as one moved away from Lilongwe. We did however receive the anticipated warm welcome from the children at Kayadzi School.

While handing over pens and pencils, roughly 5000 items, the head teacher was embarrassed to inform us that the school had no paper and had no idea when or if any would be allocated. We purchased 2000 jotters in Nkhotakota and the children’s reaction was worth every Kwacha.

In order to clarify the situation and target future assistance we visited the local Education Offices. They were unwilling to give any information other than to demonstrate ignorance and apathy regarding school resourcing. They could not tell us:

a. if the school had an allocated budget.
b. when it last received supplies
c. when it might next receive supplies

On returning to UK we learned that the education department had demoted both the head and his assistant and transferred them to other schools, neither with teachers’ housing.

While we cannot prove our suspicions we are concerned that by providing a higher standard of house we were instrumental in the head’s transfer so that a preferred person could be given the house. We have been advised that both the school board and the local church opposed the transfer. It reminded me of the devious and vindictive actions possible in Malawi.

We have recently been advised that the replacement head teacher’s husband has been demanding extra tuition fees from parents of level 8 pupils. This service was previously given free of charge.

It also appears that staff numbers have suddenly increased from 8 to 13 which begged the question ‘why is the additional tuition still required’?

There are reports of a drive to train sufficient teachers to meet local demands. I doubt that the feedback reaching donors reflects the conditions in these training establishments, I quote part of the letter I received last week:

‘The other thing that might be of interest is regarding the Teachers Training School. X came back home last Sunday week, the school had gone on strike. It appears that the Principal, whilst he warned them that he was being transferred, just walked out one day
without warning to take up his new post leaving the College leaderless. What with that and totally inedible food, more weevil than grain or rice, very little actual teaching, no books etc. etc. The students have been told to beg, borrow or lend past students books and notes as there are none available for this year’s students, and the teaching is sketchy at best. Also X told us the library is rarely if ever open, so they are a little stuck. She stayed away for the week, and the students have gone back this week. The course is also so oversubscribed that the rooms which are for two students, very small with just two beds, a locker and a desk each is having to hold three students, one of which sleeps on the floor, with no cupboard space or desk to work on. It is also forbidden to take food or cook, but luckily X has a friend who lives nearby and she does some cooking for them sometimes if they take the food. Frankly I think the whole system stinks, and these poor people are the next teachers who will go out and teach the next generation, it is appalling. What I would like to know happens to the money that the donors put into the system for Education, it certainly doesn’t seem to reach the right people.’ These are allegedly the conditions at the Teachers Training College at Kasungu. Under these circumstances it is difficult to believe that adequately trained teachers enter the system, at least from this centre.

28 While recognising and supporting aid targeted at education I feel it is essential to monitor the quality of course provided and ensure that only suitably qualified and trained teachers are allocated schools.

29 The situation in education mirrors much of what I experience in the health sector. The over-riding desire to overcome unacceptably bad conditions precludes criticism of flawed management – too often political appointees. Every penny spent should and must be accounted for.

February 2012
Written evidence submitted by Don Osborne

Thank you for the opportunity to contribute written evidence to your Committee’s inquiry on Malawi.

1 These comments refer to the period June 2001 to March 2004 and covers my appointment as technical adviser on physical asset management (PAM) to the Ministry of Health and Population.

2 I have returned to Malawi in a private capacity on several occasions since then, the last visit being in 2011.

3 There can be little dispute that the general quality of healthcare is well below any desired standard.

4 Evaluation of the problems and planning improvements would require in-depth analysis of the current situation and a costed revised national system, un-costed aspirations, may seem impressive but are of little practical value. For example the October 2009 publication ‘Together for Healthy Productive Schools’ is an impressive administrative document describing a system with no assessment of existing facilities, or lack of them, the rapidly growing population numbers or the cost of implementation. The supply of soap and towels will be of little value in schools without clean water.

5 Papering over the cracks (crevasses) in the health system may be the expedient short term solution but offers no long term benefits and is unsustainable as only privileged targeted areas get any help. The allocation of resources by hospital directors varied widely and there appeared to be no central supervision or guidance as to priorities to be supported.

6 In 2000 Millercom prepared and published a detailed analysis of all healthcare facilities in Malawi. Using this database PAM added equipment details and established a computerised planned preventative maintenance (PPM) programme, using PLAMAH (Planning and Management of Assets in the Health Service), albeit compromised by lack of numbers of suitably trained staff. If available this could be a useful starting point in determining the current situation.

7 The diverse nature of international support lacked co-ordination. The supply of faulty, incompatible and inappropriate was counter-productive and diverted limited technical resources. Steps could be taken to ensure that donated equipment was useable and consumables affordable or graciously declined.

8 All donors in collaboration with the Malawian government should agree on the essentials of a basic, nation-wide, service within realistic budget expectations. Localised specialised services such as dialysis at Lilongwe and CT scanning at Blantyre are disproportionally expensive and benefit too few Malawians.

9 Donors with financial control should visit District hospitals and associated clinics to appreciate the overall situation before continuing to concentrate support in the Central hospitals.

10 Where possible duplication of government and donor funded facilities should be rationalised. Many good hospitals funded by churches and/or charities are close to District hospitals whereas other regions lack either.
Pre-requisites for an efficient hospital are reliable, good quality services such as electricity, good quality water and communications, these are not generally available. Although probably never considered for health funding where these sub-standard healthcare provision is compromised.

Internal friction between donors and Ministers over financial control of projects caused delays and cancellations.

Any deputation should visit Nsanje hospital; and look at laundry and cooking facilities in other locations, to get a true impression of the situation. Things may have improved but I have grave doubts.

Supply of equipment should be linked to suitable locations and professional installation and be suitable for use in a dusty environment.

Anyone with financial control should have adequate medical, technical and local knowledge to make a considered judgement in the viability and need for any expenditure, and be accountable to financing body for prudent use of resources.

I have photographic images of conditions and poor use of equipment which I will gladly supply on request.

April 2012
Written evidence submitted by Interact Worldwide (IWW)

About Interact Worldwide

1. Interact Worldwide (IWW) is a specialist sexual and reproductive health and rights (SRHR) organisation currently working in seven countries across Africa, Asia and Latin America. In Malawi, IWW currently works with partners across the spectrum of service delivery, advocacy and demand creation, as well as networks of people living with HIV and other marginalised groups.

2. This submission is based on responses from IWW’s civil society partners in Malawi. Given the focus of IWW and its partners, our response is concerned with the impact of aid cuts and the political situation on health (MDG 5 and 6) and human rights, particularly among marginalised groups, and DFID’s role in responding to these challenges.

3. Given the prioritisation the UK Government is currently giving to reproductive health and family planning we hope that the input from our partners on this important area of development will be particularly useful for this enquiry.

Background to the sexual and reproductive health and rights situation in Malawi

4. Malawi’s progress in meeting MDG 5 has been uneven. The latest DHS figures\(^1\) (2010) estimate the Maternal Mortality Ratio at 675 maternal deaths per 100,000 live births: down from 984 in 2004, although 2010 comparative data still ranked Malawi 179\(^{th}\) out of 181 countries for MMR worldwide\(^2\).

5. Despite some advances, severe inequalities remain in Malawi in respect to sexual and reproductive health and rights, including women’s right to choose the number and spacing of her births, a fundamental right outlined in key international agreements.\(^3\)

6. DHS figures in 2010 paint a clear picture of this persistent inequity, recording a difference in the total fertility rate\(^4\) of 4.8 between those women with no education and those with above secondary education (6.9 live births as compared to 2.1). Between women at the lowest and highest wealth quintiles the difference remains high at 3.1 (6.8 live births compared to 3.7).

7. IWW’s partners note the continued lack of an enabling environment to support sexual and reproductive health and rights: including cultural attitudes; low awareness of rights; conservative norms concerning sexuality and restrictive gender norms, as well as legislative barriers such as those criminalising abortion and homosexuality.

8. Evidence from our partners suggests that the rights of women living with HIV to access the full range of SRHR services are being undermined. Forced sterilisation and coercion into terminating pregnancies have been reported by HIV+ pregnant women, and there are concerns these interventions are seen as ‘quick wins’ and are excessively promoted to reach targets in Prevention of Mother to Child Transmission programmes. Our partners see a critical need to prioritise rights-

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4. The total fertility rate is generally not the preferred indicator as it does not reflect the desired number of children (which may vary and hence be reflected in the number of births). However, DHS does not disaggregate data for those wishing to delay or space births according to education or wealth. In order to illustrate this disparity TFR is used, with the assumption that desired fertility is within the same range for women regardless of education and wealth.
based services that offer education and health facilities to support women and their children to stay healthy- as they make informed decisions that are right for them.

9. Shortages in health workers including midwives and other health personnel are increasing, particularly in rural areas, as health workers move from rural government facilities to urban private institutions. This is leaving the majority of Malawians (who live in rural areas) less able than ever to access services, and will contribute further to the already stark urban/rural divide in health provision and outcomes.

10. Shortages of drugs, supplies, infrastructure and equipment have been reported consistently in government and mission hospitals for at least two years. This has severely compromised the provision of reproductive and newborn care as well as family planning and sexually transmitted infection (STI) services. Reports from our partners include: the main referral hospital in Blantyre having no post-operative pain relief; women in labour being asked to bring fuel for the hospital generator, and severe shortages of ARVs and contraception.

11. There are deep concerns about the long term impact of these shortages on the health of Malawian people, especially if the provision of ARVs is interrupted and on the uptake of health care, including for voluntary counselling and testing for HIV and institutional delivery, as women and men lose further confidence in the ability of services to meet their needs.

12. 61% of women aged 15-49 cited concerns about lack of drugs as a key barrier to accessing health services in the 2010 Malawi DHS, making it the most cited challenge. 47% of women cited concern about staff absence in the same survey- ranking only slightly below cost of treatment (51%) and distance/transport to facilities (52-56%). These figures are likely to rise given the current situation, and reports from our partners suggest that the further loss of faith in health care services and inability to access affordable and acceptable services will be reflected in a rise in poor health outcomes and poverty.

13. ‘It feels like going back years- to the time when HIV testing was not common, or there was no point because there was nothing you could do if you tested positive. We are going to face the situation of positive women who are unaware of their status having babies they do not want’ – Interact Worldwide advisor

How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets (particularly MDG 5 and 6) in Malawi

14. The link between sexual and reproductive health and economic growth is well established. An estimated 25-40% of economic growth in developing countries has been attributed to lower fertility5. Globally, maternal and newborn deaths are linked to productivity losses of US $15 billion each year. And women’s access to paid employment is strongly linked to their ability to choose the number and spacing of their births, as a key component of women’s empowerment.

15. DFID’s history of support to the Malawian Health Sector brings with it an ongoing role and responsibility -to appropriately weigh its contribution to Malawians’ right to the highest attainable standard of health in its future decisions about funding. Whilst it is recognised that the Government may not be the most appropriate channel for health funds at the present time, the imperative exists to maintain an equivalent level of funding to health through alternative channels, including amongst others civil society and multilateral institutions.

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5 Barot 2008
16. DFID should be congratulated for, along with the German and Norwegian Governments, providing support for emergency drug supplies in 2012. Whilst this does not address the root causes of the problem, it is a vital humanitarian response to the crisis.

17. Given the concerns about health worker shortages in rural government health centres (paragraph 8 above), there is a need to be mindful when considering diverting funds from government health facilities, as low and irregular pay is a key driver for staff absenteeism and difficulties retaining staff in government health facilities. Efforts to support health workers through alternative channels should pay particular attention to the needs of those in rural and currently underserved areas, and align with and contribute to the implementation of Malawi’s human resources for health strategy.

The role of DFID in protecting civil liberties including freedom of expression and access to justice

18. This section will focus on DFID’s role in protecting human rights, including sexual and reproductive rights, as fundamental components of citizens’ rights to a free and fair society and to their right to the highest attainable standard of health.

19. In order to respect, protect and fulfil women’s right to sexual and reproductive health, DFID should provide support for a full mix of interventions, including service delivery, health commodity security, advocacy and demand creation. Vertical programming and a focus on ‘quick wins’ will not lead to sustainable results. DFID is encouraged to balance investments in long-term as well as medium-term strategies: by working harder to reach groups and taking a lifecycle approach to holistic programming.

20. Respondents praised the efforts of DFID in promoting open discussion of gender and sexual and reproductive health and rights. However, frustration was expressed that this dialogue remains stifled amidst a conservative environment and government. The gap was identified to be greatest in rural areas, and partners identified support for radio, TV, interactive theatre and psychosocial counselling as particularly important areas for DFID support in this area.

21. With regards to DFID’s stance on LGBT rights it was advised that public statements by DFID on aid conditionalities be placed within the broader context of human rights, to avoid provoking greater resistance amongst the general population and further stigmatization of LGBT people- as the perceived cause of donor flight. Support for country level efforts in support of LGBT peoples’ rights and health was identified as a continuing priority.

The conditions under which the UK should continue to provide development assistance to Malawi

22. Respondents stated their appreciation for DFID’s support to Malawi: as the second largest donor to Malawi between 2009-10, and a key contributor to the health sector. Respondents expressed deep concern about the impact of reducing or withdrawing funding by DFID on health outcomes, as well as the broader economic stability of the country. There is a real danger that if the current situation persists over the long-term, Malawi’s development will slide backward and it could become a fragile state.

23. The UK should ensure that its support and partnership with Malawi is consistent with its commitments to development effectiveness, as articulated in the Busan, Paris and Accra outcome documents. DFID must continue to support the implementation of country-led strategies and to

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strengthen country systems and institutions, and it must also harmonise funding and support with other donors.

24. IWW would also urge DFID to support the implementation of more harmonised funding and greater oversight for reproductive, maternal, newborn and child in Malawi, according to recommendations in ‘Strengthening the Global Financing Architecture for Reproductive, Maternal, Newborn and Child Health’ report⁸, recently published by the Partnership for Maternal, Newborn and Child Health.

25. Areas of concern for our partners include Government and officials’ respect for the rule of law, and freedom of expression, association and assembly. Repeal of oppressive laws such as the recent Police Act, Injunctions Bill, Penal Code Amendments and Local Government Act 2011 was also a key concern for our partners. Civil society in Malawi is working under increasingly fraught conditions, and financial and political support by the UK can play a role as they seek to challenge these worrying shifts.

26. Respondents pointed to the increasing dissolution of contract between citizen and state, as well as a need to combat government and officials’ corruption during the procurement of goods and services. Recommendations included that DFID employ strong conditions, results-based financing, close monitoring and periodic reviews in order to promote accountability and transparency for both donor and citizen.

27. Respondents highlighted the importance of continuing support to marginalised groups, particularly in the current political climate. In additional to being an alternative channel for support (paragraph 14), civil society should be recognised as a key avenue to reach those excluded or particularly underserved by the Government. A greater role is seen for civil society and NGOs in advocacy, demand creation, community mobilisation, training of health personnel and provision of services. Use of umbrella networks to channel funds can offset the transaction costs of working with more stakeholders, whilst ensuring the involvement of smaller grassroots organisations.

February 2012

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World Vision is a child focused Christian relief, development and advocacy organisation dedicated to working with children, their families and communities to overcome poverty and injustice. World Vision is the world’s largest local charity working in 100 countries to improve the lives of 100 million people worldwide.

No child should live in poverty and the best way to change the life of a child is to change the world in which they live. We see children and their communities as active participants in shaping a better future, empowering them to find sustainable solutions to poverty.

World Vision welcomes this opportunity to provide written evidence to the International Development Select Committee into the Development Situation in Malawi in which we have focused on areas directly relevant to our work and our experiences.

1. World Vision in Malawi

1.1 World Vision has been working in Malawi since 1981 and is currently the largest International NGO working in the country. Our programming is community-based development focusing on three programmatic areas: transformational development, advocacy and humanitarian and emergency affairs. Current programming includes health and nutrition, food security, water and sanitation, HIV/AIDS prevention, care and support and education. Our advocacy focuses on empowering citizens to understand their rights and influencing policy at local, national, regional and international level. Currently WV Malawi is operating across 26 of the 28 districts in Malawi with an average portfolio of US$30million in the last three years and a staff compliment of 543 of which 400 are working in the communities we serve.

1.2 World Vision supports DFID’s very positive engagement in Malawi including programming which we are able to deliver through our PPA with DFID. We are pleased to use our knowledge and expertise of working for three decades in Malawi and of working closely with a range of donors to advise the Committee on DFID’s work and the development challenges which exist in the country.

2. DFID’s approach in Malawi

2.1 DFID is one of the largest donors in Malawi. In 2010/11, the UK Government - through DFID - provided approximately £70m in assistance to Malawi - approximately £19m was disbursed as general budget support, £26m as sector budget support through the Government of Malawi and the remaining £25m was delivered through NGO partners or DFID programmes to support the poor. The impact of its funding together with external partners over the last eleven years is significant. For example, since the introduction of free primary school education in 1994, it has helped Malawi to achieve an increase in enrolment rates by about 60% and following this, as many girls as boys
were enrolled in primary schools and young people’s literacy rose from 63% to 76%. In the humanitarian sector, DFID provided £24.5 million to help the Government of Malawi manage the 2005/06 food crisis, providing food and seeds to 4.2 million people. In 2006/7, DFID provided £2.25 million to help meet acute needs of over 830,000 people as a result of localised droughts and floods and contributed £5 million to the government’s fertiliser and seed subsidy programme targeting 2 million households.

2.2 Our experience of DFID in Malawi is of a bilateral aid agency which demonstrates a strong commitment towards the Paris Declaration for Aid Effectiveness reflected in its strong aid policy, performance management, systems, programming and value for money. The DFID Country Assistance Plan for 2011 to 2015 for Malawi has yet to be approved. However, with reference to the previous plan, World Vision considers DFID support for the Malawi Government as critical. The 2007-2011 Country Plan focused on three areas which are vital to Malawi’s development and we urge them to continue with this focus:

2.2.1 Improving governance and longer term stability and managing change by strengthening the main democratic institutions and by supporting people’s ability to demand change and improve policy-making and implementation.

2.2.2 Backing the Government’s efforts to promote growth through a stable economic environment and transformation of agricultural markets and helping those who do not benefit from growth.

2.2.3 Improving people’s health and education through the delivery of basic services focused on achieving results.¹

2.3 These priority areas remain critical for the development of the country and are fully integrated into other approaches and strategies supporting the development of Malawi including the Common Approach for the Budgetary Support (CABS), and the Malawi Growth and Development Strategy - the country’s comprehensive development framework which is working towards Malawi’s attainment of the Millennium Development Goals (MDGs).

2.4 World Vision recommends that DFID builds on the priorities laid out in the 2007-2011 Country Plan in their new Country Plan. These priorities are integrated with other strategies which exist in the country and DFID’s long term commitment to these is critical for Malawi to make progress towards the MDGs.

¹ DFID Malawi Country Assistance Plan 2007-2011
3 DFID’s role in improving opportunities for economic growth and job creation

3.1 Malawi’s agricultural economy has largely been based on the tobacco and tea sectors. Cotton is currently an upcoming sector of its own. There is great opportunity for economic growth and job creation within the cotton sector with the right investment and support from donor governments. World Vision believes DFID should help to facilitate the growth of the cotton sector to create economic growth and jobs. According to the October 2011 Famine Early Warning Systems Network (FEWSNET) report, the government of Malawi has planned to implement a cotton production subsidy programme worth about 1.6 billion Malawian Kwacha (£6.1 million) but the scarcity of foreign exchange (potentially exacerbated by the withdrawal of budget support) will have an effect on the implementation of this programme. The cotton subsidy is expected to support all farmers interested in growing cotton as a cash crop with high yielding seeds and pesticides. World Vision recommends targeting support primarily through different value chains to address production constraints in order to boost the production capacity of Malawi. This will enable Malawi to meet its international market demands. The agricultural sector should also venture into agro processing and value addition which we believe would create more jobs.

3.2 There is also the need to strengthen the economic sector in Malawi by supporting the establishment of associations for business groups with a key focus on building capacity for the business associations. Supporting the growing of SMEs would also help to build the economy of Malawi. Given that the economy for Malawi is agro-based, World Vision believes that it is critical that DFID consider strengthening the participation of smallholder producers through broad based agro-enterprise development initiatives that contribute to the economic activities of the country.

3.3 Investing in income generation activities is imperative to improving opportunities for economic growth and job creation, but this needs to be coupled with investment in capacity building processes. World Vision recommends focusing support particularly towards the youth vocational skills sector and targeting vulnerable groups including women, youth, people with disabilities and people living with HIV and AIDS.

4 DFID's role in contributing to the achievement of the MDGs in Malawi

4.1 According to the 2010 UNDP report on Beyond the Mid-point, Malawi is reported to have gained a status of “achieved or on track to be achieved by 2015” for MDGs on poverty and hunger, child mortality, HIV and AIDS, TB and Malaria and, environmental sustainability. At the same time, Malawi is almost certainly lagging behind on education, gender equality and maternal

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2 FEWSNET Report, 2011 which also indicates that “there is a possibility that the foreign currency scarcity will negatively impact the implementation of the program.”
health. Nonetheless, DFID reports do indicate support being made to the country including on education, maternal mortality and gender.\(^3\)

**World Vision recommends increased support on health especially maternal, newborn and child health and education** with a key focus on infrastructural development and teacher training as well as strengthening gender support which is necessary for helping put Malawi on track to achieving the MDGs.

4.2 Continued support with regard to resources will help keep Malawi on track. However, the country is contending with: “a critical shortage of capacity and skills needed for effective delivery of basic services and the implementation of development programmes; limitations in data collection systems needed for effective MDG monitoring; and improvements in infrastructure needed to support rural and economic development including roads, food storage and energy sector.”\(^4\)

These are the areas where partners such as DFID can make a significant contribution and World Vision encourages the UK Government to increase its focus in this area. Resources directed towards this aspect with clear support mechanisms for implementation would address the challenges.

5 **The Role of DFID in protection of civil liberties including freedom of expression and access to justice**

5.1 DFID Malawi has concentrated efforts on improving governance and longer term stability and managed change by strengthening the main democratic institutions and by supporting people’s ability to demand change and improve policy-making and implementation.

5.2 World Vision welcomes this approach which resonates with our own approach, “Citizen Voice and Action”, which we have seen makes a real and lasting difference to communities living with poverty as it seeks to empower citizens and communities to influence the quality, efficiency and accountability of public services. The approach also allows increased access to, and use of, government information to inform citizens’ choice and action. This approach, which World Vision, DFID and others are taking, is helping to create opportunities to share information and generate knowledge within communities about the performance and reform of public services, such as health and education. Both health and education are imperative to achieving child well-being. **World Vision urges DFID to continue to focus on supporting programmes which empower communities to demand higher quality public services and the delivering and implementation of health and education policies.**

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\(^3\) Country Assessment plan for 2007-2011. In addition, according to a statement made by DFID in July, 2011 DFID support to strengthen the health service in Malawi has helped save the lives of 3,200 pregnant women and 40,000 children since 2004. Further, DFID support has built over 3,200 primary school classrooms and 4,800 toilets since 2001 and this has helped keep more girls in school.

\(^4\) UNDP, MDG midpoint, 2010
6. The conditions under which the UK should continue to provide development assistance to Malawi

6.1 Malawi gets 40% of its annual budget from donors, with 20% of its aid coming from Britain. The withdrawal of budget support by the UK government (as with from other donors) is a significant challenge to many Malawians as 72% of them live on less than $2 a day. Some of the many areas affected are as follows:

6.1.1 The Malawi economy is currently experiencing economic instability as the supply of foreign currency in the country has suddenly decreased making it difficult for traders to purchase and import essential commodities, such as fuel and fertiliser among other goods. 5

6.1.2 Rising seed and fertiliser prices have already forced the government to scale down its subsidy initiative and supplies are delayed. World Vision believes this setback increases the likelihood of the Malawi failing to have surplus food.

6.1.3 Health and education sectors are being seriously impacted with teachers receiving late payment of salaries, which will in turn lead to poor service delivery.

6.1.4 World Vision has experienced problems with fuel shortages which affect delivery of basic essentials to our programmes and services such as hospitals are being affected through power failure.

6.2 World Vision urges the UK Government to continue to dialogue with the Malawian Government, which is accountable to their own citizens, to find solutions. We recommend that conditions of assistance to the Malawi Government from the UK should include the strengthening of the Malawi Government’s accountability mechanisms, particularly with regard to effective service delivery in the country.

6.3 The UK Government must take its own view on whether it can provide budget support through the Government of Malawi. World Vision does not intend to comment on the justification or not of this, but is concerned that the impact of such a decision is to affect people living in communities where Overseas Development Assistance (ODA) makes a life changing difference. World Vision encourages the UK Government to look for mechanisms which support some of the poorest people in Malawi and so that the impact of any cessation of budget support does not impact on the poorest the most.

6.4 In countries such as Zimbabwe where the UK has decided to end budget support, alternatives have been found. World Vision suggests that a

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5 FEWSNET outlook for October 11 to March 2012, pg. 2
mechanism such as the “multi donor trust fund,” which was introduced in Zimbabwe in 2010, could be set up. This could support priority recovery activities, particularly in critical sectors such as health and education, of the Government of Malawi, but without the Government having direct control over the disbursement of funds.

6.5 As with Zimbabwe, the African Development Bank could be designated to manage such a fund with the endorsement of the Government of Malawi and the donor community which would provide a channel through which donors can mobilise donor resources and promote donor coordination. This would ensure that donors can confidently commit development assistance focused initially on those sectors which are currently being adversely affected such as health and education.

7. Summary of Recommendations

7.1 DFID should promote and assist the Government of Malawi through the creation of a favourable environment for economic development by:

7.1.1 Helping to facilitate the growth of the cotton sector which will create economic growth and jobs.

7.1.2 Supporting the establishment of associations for business groups focussing on building capacity for these associations, which will in turn strengthen the economic sector in Malawi.

7.2 World Vision recommends increased support on health, especially maternal, newborn and child health and education with a key focus on infrastructural development and teacher training as well as strengthening gender support which is necessary for helping put Malawi on track to achieving the MDGs.

7.3 DFID should direct resources towards improving capacity and skills training for delivery of basic services to help keep Malawi on track for achieving the MDGs.

7.4 World Vision recommends the setting up of a “multi donor trust fund,” in order to support priority recovery activities of the Government of Malawi, but without the Government having direct control over the disbursement of funds.

February 2012
Written evidence submitted by Jimmy Kainja

I am a Malawian national currently leaving in the United Kingdom, working as a lecturer and seminar leader at London Metropolitan University. I am also an independent researcher and writer. I am interested in media and democracy, governance, democratisation and development in sub-Haran Africa, particularly Malawi.

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i. Introduction
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Introduction

(1) There are a multitude of problems hindering development in Malawi, political and economic are the most pertinent ones. The mass demonstrations in July 2011 against perennial power cuts, lack of foreign currency, high food prices and fuel shortages, which resulted in the deaths of 20 people were a symptomatic of a combination of poor governance and a lack of democratic institutions in the country.

Current Political and Economic Situation

(2) Problems facing Malawi are many and beyond the current administration. The worsening economic problems and narrowing democratic freedoms and declining political freedoms have led to fears that the country could become a “failed state.” Power is very centralised in the country. The executive arm of the government wields immense power and the country’s political culture of self-enrichment means that people around the president are not willing to stand up against poor decision-making for fear of jeopardising their own personal ambitions.

(3) Summarily dismissals of any official who has stood up to the president and challenged questionable decisions is commonplace.

(4) For example, the current Vice Joyce Banda, the current Vice President Joyce Banda was dismissed from the ruling party for indicating her intent to stand for presidency in 2014 when the incumbent president is due to stand down. It has now become apparent that the incumbent President, Bingu wa Mutharika has lined up his younger brother, Peter as his successor. Former Attorney General and Justice Minister, Henry Dama Phoya has also been dismissed from the party for standing up against the widely opposed bill, “Civil Procedures Act”, which prevents citizens seeking court injunctions against “the government or public officers”. The president has since assented the bill into law.

(5) In April 2011 the UK’s High Commissioner to Malawi, Fergus Cochrane-Dyet, was expelled from the country for criticising Malawi's leadership in a leaked cable to the UK government.

(6) A huge parliamentary majority, political cronyism and self-serving parliamentarians (both ruling and opposition) seeking personal rewards allow the ruling Democratic Progressive Party (DPP), to pass legislations with ease. This has included the above-mentioned law, an unpopular amendment to Section 46 of the Penal Code to empower the Minister of Information to ban publication or importation of any material that she or he “deems contrary to the public interest”. There has also been passed is a law that allows the police to search citizens without any warrant.

(7) In the absence of formidable political opposition to hold the government into account, religious, non governmental organisations (NGOs) and civil society organisations (CSOs) have worked tirelessly, often under difficult circumstances, including threats to their lives and their loved ones, to safeguard the country’s young democracy, personal and political freedoms and most of all to ensure the government works for the people who gave it a mandate to govern.

(8) Consequently, the government has been at loggerheads with these organisations, as government officials see them as a threat to achieving their personal and political ambitions. In the aftermath of the July 11 demonstrations – which demanded that the government provided basic services for its people, the president publicly threatened
“to smoke out”\(^1\) the organisers of the protests and called them “satanic” and called their efforts works of a “devil.” His choice of words here is meant to appeal to the country’s religious majority who would resonate with this sentiment.

**Historical Perspective**

(9) It is clear that the turn of events in the country is directly linked to the fact that President Mutharika is due to step down in 2014 yet appears to want to have some form of control – hence the choice of his brother to succeed him. Interestingly, these are the very circumstances under which President Mutharika came into power in 2004.

(10) A failed bid to change the constitution to allow for a third term in office, Malawi’s former President, Bakili Muluzi ruthlessly removed everyone that he saw as a potential successor within his party. The members Muluzi fired included the founders of the then ruling United Democratic Front (UDF). Muluzi’s motivation was to install a successor that he could easily control and who could allow him to stand for office once more. Bingu wa Mutharika, a relatively newcomer to the party and not even an executive member was picked (by Muluzi) for this role. Mutharika went on to win 2004 presidential elections.

(11) Mutharika abandoned Muluzi’s UDF in 2005 to form his own political party (DPP) with which he won the following election. As with Muluzi, Mutharika had an excellent first term in office that saw him gaining the trust of Malawians who rewarded him with over 63% of the 2009 presidential vote and a huge parliamentary majority. The politics behind the successions underline three crucial things:

1. Malawi has a self-serving political culture – being in politics is seen as a way to accumulate personal wealth and not necessarily servicing people. This incentivises politicians, especially presidents, to cling on to power or at least return some form of control once their mandate is over.
2. The current problems facing Malawi have little to do with Mutharika’s competence but more to do with his desire and zeal to have his brother as a successor so he could still maintain some level of control.
3. The problems facing Malawi are systemic. Therefore unlikely to go with a mere change of administration. There is a need for strong democratic institutions, vibrant civil society, separation of powers, independent civil society and decentralisation of power.

(12) Following the UK’s decision to indefinitely suspend general budgetary support to Malawi due to “concerns over economic management and governance\(^2\),” Malawi’s political and economic crisis has worsened. Critics of the government are illegally detained and imprisoned\(^3\). The government now has a $121 million annual budget deficit\(^4\).

**Recommendations**

\(^1\) [http://www.scotsman.com/news/i_ll_smoke_you_out_mutharika_tells_opponents_as_new_army_chief_is_named_1_1755742](http://www.scotsman.com/news/i_ll_smoke_you_out_mutharika_tells_opponents_as_new_army_chief_is_named_1_1755742)
(13) The protests in July 2011 clearly show that Malawians are not happy with the direction their government has taken. However, the outright suspension of aid and any sanctions that may follow will impact upon a huge majority of the populace, 74% of which live on less than $1.25 a day. These people are likely to endure continuing poverty, and any opposition to government policy will no doubt result in ever more draconian punishment.

(14) The UK government has much experience sanctioning dictators, such as Iraq under Saddam Hussein, and lessons will no doubt have been learnt from these experiences. However, sanctions in Malawi would only serve to weaken the young, old, and poor. As explained above, democratic institutions in Malawi are very weak – close to non-existent. NGOs and CSOs can be silenced by the government if and when it chooses. The civil service is not independent; the police and army are full of presidential appointees and both these services appear to be in the pocket of the government.

(15) The majority of Malawians depend on very small-scale businesses and small-scale agriculture. Healthy facilities in Malawi are based in the big cities, whereas 86% of the population live in the rural areas. Crucially, in many cases life-saving amenities are dependent on the availability of fuel and to some extent foreign exchange. These two items are non-existent to most Malawians.

(13) The UK through DFID can also help Malawi with upgrading crucial infrastructures such as hydro-electric powers to improve constant electricity outages, which cost the country $215 million a year\(^5\). DFID could help fund irrigation schemes to relieve the country’s overreliance on rain-fed agriculture and utilise the country’s abundant water resources and make use of the abundant idle and unused land. DFID could help not only educate the masses on democracy and the rule of law but also help with institution building and help with initiatives that would push for decentralization of power. The UK government should restore aid with strict conditions; bypassing all government structure by all means possible.

February 2012

Plan UK welcomes the opportunity to provide evidence to the inquiry on the development situation in Malawi. Due to the low levels of human development, Plan believes that DFID should continue to provide targeted development assistance to Malawi, provided incentives are in place to improve transparency, accountability and performance. We argue that progress towards achieving the Millennium Development Goals could be supported by DFID through an increased focus on investing in the availability, access and quality of girls’ education. Plan UK believes that this investment should be supported by strong governance programmes and social accountability initiatives which support improvements in service delivery and promote transparency and accountability between the government of Malawi and its citizens.

Introduction

1. Plan is a global children’s charity. We work with children in the world’s poorest countries to help them build a better future. A future you would want for all children, your family and friends. Plan was founded 75 years ago and now works with children and their communities in 50 countries across Africa, Asia and the Americas. In 2011, Plan International reached 56,500,000 children in 58,053 communities.

2. Plan Malawi was established in 1994 and works with its local partners to reach communities across 17 districts. This response is submitted by Plan UK and was written with input from Plan Malawi staff. With an expertise in child centred community development, our submission will address the following questions:

- How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi
- The conditions under which the UK should continue to provide development assistance to Malawi

3. In this submission, Plan has provided an overview of the impact from specific work to improve governance and accountability in Malawi. This is intended to provide an
example of an effective way of driving up standards in locally provided services by empowering citizens to hold service providers to account. This experience feeds into, and directly influences, our recommendations given at the end of this submission.

Progress towards meeting the Millennium Development Goals

4. In its Bilateral Aid Review, DFID categorised Malawi in the top quartile of countries in its “Need Effectiveness Index” – countries with the greatest need, based on levels of poverty and an assessment of where aid has the potential to be most effective.\(^1\) Malawi is a low human development country with 73.9% of people living on less than $1.25 a day and with 44% of the population in severe poverty.\(^2\)

5. While Malawi has made progress in achieving some of the Millennium Development Goals (MDGs), the goals of achieving Universal Primary Education, promoting Gender Equality and Empowerment of Women and improving Maternal Health are unlikely to be met on current trajectories.\(^3\)

6. As well as being one of the MDGs and a fundamental human right, there is a significant correlation between investing in girls’ education and providing a platform for economic growth and job creation. Spending on education has a direct effect on the accumulation of human capital, increases economic output and produces higher rates of growth.\(^4\) An extra year of schooling beyond the average, for example, is estimated to boosts a girl’s eventual wages by 10-20%. Conversely, low levels of spending on education in low-income countries can prevent poor people from accessing the opportunities brought about by economic growth.

7. However, while Malawi has good gender parity for net educational enrolment, attendance and completion rates for both boys and girls are extremely low.

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According to UNESCO statistics, the Gross Enrolment Rate in secondary education is 32% for boys and 27% for girls.⁵

8. School provision is also very poor in Malawi. There is an insufficient number of both primary and secondary schools and the teacher: pupil ratio is poor at an average of 81:1 in 2009.⁶ High rates of teacher absenteeism (estimated at 20% of teaching time lost⁷) and a lack of female teachers (UNICEF found 70% male in one study⁸ and in 2008 primary male: female ratio was 60:40) contribute to a poor quality learning environment, especially for girls.

9. Early marriage is high in Malawi with 50% of girls marrying before the age of 18.⁹ Plan has found that abduction for marriage is not uncommon in Malawi. Through our programme experience, Plan has found that early and forced marriage limits a girl’s opportunity to go to school or benefit from alternative or vocational education. In turn, the children of mothers with low levels of education are less likely to be educated themselves.

10. DFID should draw upon the aid budget to invest in mechanisms to prevent early and forced marriage and offer protection and support services for girls at risk. This should include help for families, psycho-social support, child protection resources and legal assistance. For example, Plan Malawi successfully partnered with local government and the communications company Celtel Malawi to introduce a toll-free community helpline for young people in need of help and advice. The helpline gives young people at risk of abduction or other violence access to professional child counsellors and paralegals able to give anonymous support and advice.¹⁰

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11. Combined with the limited provision of education, which is often substandard, early and forced marriage contributes to a number of factors which discourage girls from maintaining school attendance and from transitioning from primary to secondary education.

Conditions for providing aid to Malawi

12. Poverty reduction is at the heart of UK development policy. Given the current political, social and economic context, the poorest people of Malawi continue to require UK development assistance. Plan UK’s experience shows that empowering citizens, including children and young people, to enact social accountability should be a key focus of development funding.

13. Effectively monitored sector budget support should continue as an effective mechanism for supporting poverty reduction, provided incentives are in place to improve transparency, accountability and performance. DFID should continue to encourage commitment to poverty reduction and respect for human rights in Malawi, including through the promotion of gender and child-sensitive policies, participation and accountability.

14. Plan’s experience of working in Malawi also suggests that strong governance programmes focusing on citizen participation in government decision making and social accountability initiatives can support improvements in service delivery and encourage greater transparency and accountability between the government and its citizens. Domestic accountability should empower citizens, and particularly women and young people, to hold the government and local authorities accountable for poor teacher attendance rates or resources being diverted away from text books, for example.

15. Weak governance in the education system can deny children their right to a better future. Therefore, UK government support to civil society and social accountability initiatives should continue to be a key development mechanism. We therefore welcome DFID’s continued focus on “improving the effectiveness and transparency of
national audits and local accountability and ensuring that public resources deliver the best results for the poor and the vulnerable.”

Learning from what works: Plan UK’s governance programme

16. Plan UK has supported social accountability programmes in 15 countries through its DFID funded PPA (2006-2011). An independent external evaluation of our programme showed that supporting young people to hold their governments to account works and can deliver results. It has led to improved services, greater responsiveness from government, and relationships of trust, openness and accountability between governments and young people. The evaluation reported that changes happened because Plan focused on bringing young people and decision makers together to work on issues that are important for both groups of people.

Evidence from Malawi

17. Between 2008 and 2011, Plan Malawi worked in a consortium with ActionAid Malawi and the Council for Non-Governmental Organisations in Malawi (CONGOMA) to implement an innovative DFID-funded community monitoring programme. This programme provided a mechanism for rural communities to hold local government accountable for delivery of services in agriculture, water, health and education at facility level. This was done by facilitating upward mechanisms of feedback from communities to the district and national planners. DFID Malawi has recently agreed to fund this project for three more years to increase the geographic scope of its impact. This new phase will also have an increased focus on assessing government programmes and decentralised funding mechanisms.

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11 Department for International Development, Malawi, [http://www.dfid.gov.uk/malawi](http://www.dfid.gov.uk/malawi)
13 The initial phase of the project was implemented in 8 districts of Malawi with Karonga, Mzimba Nkatabay Kasungu, Lilongwe, Machinga, Mulanje and Chikhwawa. These covered approximately one-third of the total number of districts in Malawi which stands at 28, representing 4.5 million people, with the specific communities where the scorecard data originated representing 15% of the national rural population.
18. The project uses the community score card methodology to solicit feedback from communities on public services. This information feeds into the budgeting process and also forms a basis for holding service providers to account. Methods include gathering evidence on communities’ perception of delivery of services at the point of delivery, interacting with planners and policy makers to agree on how various services can be improved through a consultative process, and building the capacities of local civil society to facilitate budget related processes and service assessments in rural communities.

19. Recent research on this scorecard project conducted by the Overseas Development Institute examined the political context in Malawi and how this affected the implementation of the programme. The research found that: “In light of these [political] challenges, the achievements of the CBMP [Community Based Monitored Programme] should be lauded. This study finds that the use of the scorecard process appears to be contributing to some powerful stories of change. Changes in how communities approach local service blockages, shifts in resources and evidence of greater responsiveness from some public officials...all suggest that the scorecard process has the potential to contribute to significant change even in this constrained environment.”

Given the multifaceted results and positive impact of social accountability projects, Plan considers that these initiatives should be expanded across Malawi.

Recommendations

20. DFID should continue to provide targeted assistance to Malawi with a strong emphasis on the education sector and strengthening local governance and accountability mechanisms to improve teacher absenteeism and student attendance rates. This should in part focus on the construction and improvement of school infrastructure within communities and include a drinking water supply and separate, private, safe sanitation services for girls. However, a focus on strengthening school

management and increasing the involvement of pupils in decision-making is key to ensuring effective child-friendly learning environments and improved sustainability.

21. DFID support to the education sector should also target improvements in the quality of education that Malawian children receive, including through the training and recruitment of female teachers to ensure parity in teacher graduation. If required, DFID could also provide technical assistance to the Malawian government to incorporate a gender perspective into syllabuses for trainee teachers of both sexes, and develop gender-training programmes for serving teachers.

22. In order to bring about the greatest long-term impact, DFID should increase investment to support and strengthen initiatives, such as the Civil Society Governance Fund, that put power in the hands of citizens, particularly poor and marginalised groups such as young women, to seek accountability for the provision of compulsory, free education for girls. DFID can also help stimulate transparency and accountability by channelling aid to strengthen civil society and social accountability initiatives, such as community scorecards, participatory budgeting, and social audits.

February 2012
Written evidence submitted by Christian Aid

1. Introduction

1.1 Christian Aid is a Christian organisation that insists the world can and must be swiftly changed to one where everyone can live a full life, free from poverty. We work globally in 45 countries for profound change that eradicates the causes of poverty, striving to achieve equality, dignity and freedom for all, regardless of faith or nationality. We are part of a wider movement for social justice. We provide urgent, practical and effective assistance where need is great, tackling the effects of poverty as well as its root causes.

1.2 Christian Aid has been working in Malawi for over 20 years, supporting partner organisations to tackle the symptoms of poverty and the structures that keep people poor. We opened an office in Lilongwe in 2007. Christian Aid’s work in Malawi focuses on resilient livelihoods and climate change adaptation, and HIV and community health. We have focused this submission on issues where we and our partners have expertise and have provided specific ideas and recommendations for action for the UK’s assistance to Malawi.

1.3 We welcome the opportunity to provide written evidence to the International Development Committee on Malawi. We are happy to provide further written/oral evidence on any of the subjects covered in this submission.

2. Context

2.1 The development situation in Malawi continues to be challenging; already high unemployment rates and high levels of poverty are being exacerbated by the decrease in production in the business sector. The cost of living is rising sharply, as is the cost of doing business. Several multinational companies and supermarkets, including Shoprite and Spar, have begun to ration sales; recent reports have claimed that the major South African retailer Game Stores is not replenishing stocks as it considers closing its shops in Malawi due to limited sales against the high cost of doing business. Game Store’s management recently denied planning to close down operations in Malawi, but has admitted that the lack of foreign exchange combined with a new turnover tax introduced by the Malawi government has negatively affected the cash flow and profitability of many companies. The economic future is also bleak for smallholder farmers, who make up the vast majority of Malawi’s workers. Few farmers reported to have grown tobacco in the 2011/12 growing season and even fewer having accessed the farm inputs through the government funded subsidy programme. Tobacco is a key foreign exchange earner for the country, and the acute shortage of foreign exchange is most visible outside petrol stations, where queuing for several hours for petrol and/or diesel has become the norm rather than the exception.

3. How the UK can best help to improve opportunities for economic growth, job creation and meeting Millennium Development Goals targets in Malawi

3.1 The UK government should continue investing in programmes that aim to challenge the systems and structures that keep most Malawians poor. Malawi’s challenges are political and structural. The UK government must employ dialogue as part of the solution to the diplomatic impasse between the two governments. In a situation where a number of donors have suspended aid and/or direct budget support, the poorest and most marginalised people are affected the most whilst being the least able to influence government priorities and policy. The UK government should therefore honour its commitments to the people of Malawi by ensuring that funds earmarked for development
assistance reach the poorest and most marginalised communities. DFID has repeatedly stressed their determination to continue funding programmes in Malawi, and stated that aid will be delivered through ‘other channels’. Christian Aid welcomes this commitment, and encourages DFID to provide further detail on such alternative channels for aid delivery.

3.2 The UK government can also play a crucial role in helping build the capacity of key institutions in Malawi, such as the National Audit Office, the Anti-Corruption Bureau and the Police. DFID has pioneered several reforms in the Malawi Police Service, which Christian Aid welcomes. However, we believe that further work is needed to improve the ways in which justice is administered to help build a more professional Police Service, and DFID is well suited to take up this challenge.

3.3 There is also a need to focus on assistance to the education sector (basic, secondary and tertiary) and the health service. By investing in the education and health sectors, the UK government can help ensure access to basic services that form the foundation of the future socio-economic development of Malawi. We recognise the significant contributions already made by the UK government to the education and health sectors in Malawi, and would encourage continued support to these services.

4. The role of DFID in protecting civil liberties including freedom of expression and access to justice

4.1 Christian Aid is concerned by the recent passing of the Information Law, which empowers the Minister of Information to ban a publication deemed by him/her to be in bad taste, and the Police Act, which provides for a search without warrant. Pressure from civil society and the donor community led to the Executive returning the laws to the Law Commission for a review and a possible further debate in Parliament. The donor community, including DFID, could support the Law Commission to undertake this review exercise.

4.2 We note that African governments are often understandably reluctant to accept and/or implement reforms if the approach is one of confrontation. We suggest that the UK and other donors continue to employ dialogue, and that they propose reforms rather than impose them as conditions for aid. The latter approach is more likely to lead to the Malawi government approaching other donors (such as China and Iran) for support, donors who are less concerned about governance and human rights. Development aid from these countries tends to offer temporary reprieve rather than long-term sustainable development such as that outlined in the MDGs and championed by the UK government.

5. The conditions under which the UK should continue to provide development assistance to Malawi

5.1 Aid conditionality has been seen to threaten aid effectiveness – not least by weakening the political accountability of governments to their citizens, as donors demand greater responsiveness. In addition, suspending or cutting aid tends to affect the poorest and most marginalised communities hardest. This does not mean that UK development assistance should not reflect the context in Malawi, however. Overall we suggest that UK development assistance to Malawi should continue, but focused in the following ways:

- Sectors that directly benefit and protect the poorest and most vulnerable people, including health and education services and the agriculture sector;
- Initiatives that will continue to challenge systems and structures that keep people in poverty, including continued support to building a strong Malawian civil society (see point 6 below) that helps hold government to account;
As with funding channelled through NGOs, any direct budget support to the Government of Malawi should be phased, and subsequent disbursements should be performance-based after submission of progress reports from the different sectors.

In terms of accountability of resources, Sector Wide Approaches (SWAPs) have worked better than many other initiatives, and should receive continued support.

Any direct budget support should be targeted rather than provided as a lump sum. The Government of Malawi should be held accountable for these commitments through regular reporting, as is also the case for any funds channelled through NGOs.

6. Supporting civil society and churches

6.1 We appreciate the significant support provided by DFID to civil society in Malawi, and would encourage the UK government to continue to provide this support. Civil society has a key role to play in Malawi, and provides vital services such as education and health facilities, and faith-based organisations run a significant proportion of health centres and clinics across the country. CSOs also play a key role in holding decision-makers to account and ensuring that the voices of the most marginalised people are heard.

6.2 The UK government must not, however, support civil society at the expense of the Government of Malawi. Development is the mandate of the government in the first place, and CSOs should complement government efforts rather than replace them. As with the Government, CSOs and NGOs should be held accountable for their actions, but some fear that recent moves by the Executive calling on Parliament to consider legislation for oversight of NGOs in Malawi could strain existing relations rather than improve them. We encourage DFID and the UK government to continue dialogue with all development actors in Malawi, with the overall end goal being that of poverty eradication.

February 2012
Written evidence submitted by Anglican Alliance, USPG: Anglicans in World Mission, the Diocese of Birmingham, and Anglican Church of Malawi

1. Summary

1.1 This submission sets out;
- the critical role of the Anglican Church in Malawi as a civil society element at a time of poor governance and threats to the continuation of democracy
- The level of poverty in Malawi, and the development mission of the Anglican Church of Malawi.

2. About the Anglican Church of Malawi and their UK Partners, U.S.P.G., Diocese of Birmingham, M.A.C.S. (Malawi Association for Christian Support) and the Anglican Alliance

2.1. The Anglican Church of Malawi also known as Anglican Council in Malawi (ACM) and the Anglican Alliance welcome the opportunity to make this submission to the International Development Select Committee considering how to aid the people of Malawi to improve their economic outlook and strive to reach the targets of the MDGS when poor governance and economic mismanagement have led to the suspension of direct budget support.

2.2. The Anglican Church of Malawi started in 1861 and now, with 750,000 (seven fifty thousand) members in four dioceses, with 110 (one hundred and ten) parishes and 131 (one hundred and thirty one) clergy, forms part of the Province of Central Africa in the Anglican Communion. The Anglican Alliance is an international development initiative by the Anglican Communion to bring together development, relief and advocacy work of Anglican churches and agencies globally: this is the third largest grouping of churches with members in over 160 (one hundred and sixty) countries. The UK partners are USPG – an outreach arm of the Churches of Great Britain and Ireland, founded in 1701, they have been in partnership with ACM since its inception in 1861. The Diocese of Birmingham has a 45 year partnership and MACS since 1993.

2.3 The Anglican Church in Malawi has since its inception sought to meet the needs of the wider public for education and health. This long record of serving the entire community means that ACM enjoys the trust and respect of people far beyond its communicant membership.

2.3. In contrast to government, the Bishops of ACM, are committed to compassionate and accountable leadership. When conflicts within the Church have been encountered in this stressed country, ACM have not only stood by the judicial system but also engaged in consultative processes to resolve differences whilst respecting rights.

2.4. Our concerns about the ending of direct budget support for the Malawi program are:
- That any reduction in aid will adversely impact the high level of poverty in Malawi.
- That there is an opportunity to channel funding through civil society to implement strategies to achieve MDG targets in such a way that the demand for democracy and accountable and efficient government by empowered communities will pull from the grass roots as much as push from the donor community.
3. Poverty and the MDGs in Malawi

3.1. As the Committee has recognized, Malawi is in crisis – persistent levels of acute poverty are now exacerbated by the fuel/forex crisis and political repression. Though it seems that Malawi is achieving the MDGs enrolment targets in education, the number of children in a classroom is high, there are not enough didactic materials, there are inadequate classrooms, few laboratories, few libraries and the quality of education continues to fall each year. Inadequate teachers’ pay and conditions are big issues. As much of 65% the scarce resources are used to fund repeaters and drop outs. So the apparent success in terms of quantity masks a serious problem of poor quality of education.

3.2. Malawi has made some good progress in the area of health, particularly in child survival. However, maternal mortality remains high Many women give birth at home without recourse to skilled obstetric care and only 54 per cent of babies are delivered by a health professional. Child malnutrition is also an area of great concern, especially as it is a significant contributing factor to child mortality. Malawian children have the highest rate of stunting in sub-Saharan Africa, at 46 percent. Seventeen per cent of children are underweight and 4 per cent are acutely malnourished. The cumulative effects of stunting are permanent and the condition is associated with poor health and mental retardation.

4. The Anglican Church of Malawi and development

4.1. The Anglican Church of Malawi provides development, education and health services. It is through the Church’s mission to people affected by poverty in Malawi that we raise our concerns.

4.2. The Anglican Church of Malawi has made a commitment to continue to advocate in the areas of economic empowerment, good governance, development of human capital and climate change. The Anglican Church in Malawi is committed to the principle of serving the whole community regardless of race, religion, ethnic or regional grouping. ACM is apolitical. It has no formal links within any political party or faction. However, it claims a role to speak for those who are voiceless, made vulnerable by extreme poverty and marginalized within the political systems. Building on its own understanding of the Malawian context, and able to draw on the experience of other Anglican Churches in Africa such as Sudan, Burundi and Kenya, it is able to provide leadership to strengthen and respect Malawi’s full and lasting transition to democratic government. It has also used its voice to draw attention to corruption and stimulate a moral response, a sense of right and wrong that could help create a climate in Malawi for acceptable behaviour for those with access to power.

4.3. ACM is especially concerned with Malawi’s poorest. Strategies to increase economic activity often ignore the extremely poor. ACM holds that standing by those struggling to meet just their basic needs, can have results beyond the merely economic. Increasing the resilience of communities to generate an economy to meet their needs, brings with it a stake in the future, replacing the fatalism of poverty with communities that are actors in government.

4.4. The general respect in which ACM is held allows it to be an important convenor at community level. It is able to pull together all stakeholders within the community from both formal and traditional stakeholders whilst also ensuring that those without any claim on influence – youth, widows, the landless, and ethnic minorities are involved in development processes.

4.5. ACM is able to mobilize significant numbers of volunteers in its development initiatives. Groups such as Mothers Union and Youth Groups, Fathers Union, Avuwi as it is known in the Diocese of Southern Malawi, Daughters of the King Guild and St. Monica Guild often
have a much longer life than self help groups mobilized by NGOs. These groups often disband with the end of project funding, whereas the church groups have an internal rationale for their existence and will continue outside of project funding cycles. This allows donors to participate in building the long term capacity of a community. At present the Diocese of Southern Malawi has registered its development office as an NGO, with other dioceses and the central coordinating Anglican Council in Malawi also considering this action in order to enable donors and partners who have no interest in the spiritual mission of the church to support the outstanding platform that ACM has for bringing sustainable development outcomes for the poorest in Malawi.

Our programmes include:

- Running 116 (One Hundred and sixteen) primary schools including one for the blind at Nkope Hill in the Diocese of Upper Shire providing education for 450000 (four hundred and fifty thousand) children and 19 (nineteen) secondary schools 17 (seventeen of which are Community Day Secondary schools) providing education for 6400 (six thousand four hundred) children. These schools are often regarded as quality service providers but struggle with the lack of access to learning materials and trained staff that generally impact the sector. In providing education services the Anglican Church has been playing a major role in the development of Malawi, and the achievement of education MDGs.

- Providing bed-nets with NetsforLife in partnership with Episcopal Relief and Development and MACS to prevent malaria, including distribution of 158,000 (one hundred fifty eight thousand) bed-nets and the training of malaria agents within 700 (seven hundred) communities.

- 1,100 (one thousand one hundred) home based carers supporting those living with HIV and AIDS, and their families, ensuring access to ART and medicines for opportunistic infections. The number of pregnant women who were tested HIV positive and received Niverapine and are currently on PMTCT is 1,070 (one thousand and seventy) and are in rural areas. 14,287 (fourteen thousand two hundred eighty seven) persons with advanced HIV infection are currently on HIV therapy. Out of this 9,954 (Nine thousand nine hundred fifty four) are females and 4,333 (Four thousand three hundred thirty three) are males.

- Operating 5 (Five) hospitals and 14 (fourteen) satellite clinics, serving 388,000 (three hundred eighty eight thousand) people. Support from MACS and USPG has resulted in capital improvements and supplement ongoing drug and staff levels. In conjunction with technical support from USPG, ACM is engaged in revitalising the relationship between the communities served and the institutions. Reflecting on a situation in which a great deal of resources are utilized on outpatient clinics which are crowded with diseases that are preventable within the household, this new initiative will affirm and strengthen community skills and knowledge and allow the hospitals to refocus their scarce resources in a more focused manner – especially on contributing to a better maternal health service –a most egregious MDG deficit.

- Malawi is suffering from soil and biodiversity degradation due to poor land management. There is a loss of 1000 tonnes of soil per hectare each year. There have been several years in the last few decades when Malawi has been a net exporter of food. Given subsidized agricultural inputs and good climate much is possible. Both of these elements have proved unreliable. ACM has promoted the use of agroforestry, compost and other sustainable agricultural methodologies that are often brought together under the label of permaculture.
With support from US and UK partners 380 (three eighty) households dependent on subsistence farming have been able to capitalise the use of what assets they do have and develop them to maximize productivity and income

- Providing saving schemes and business skills for self-development maximizes the gains made from permaculture.

- Empowering women and men through the Literacy and Development programme run by Mothers’ Union. More than 30,000 (thirty thousand) vulnerable women and men have already benefited from the programme. Through participatory learning strategies these literacy circles became a venue for discussing issues that have been difficult to raise at the household level or more male dominated community platforms. Strategies to tackle domestic violence, child abuse and teenage marriage have been raised. Of significance in a country where the fertility rate poses its own development crisis, the uptake of family planning and child spacing emerged as areas in which women needed and have subsequently sought services.

5. We urge DFID not reduce the overall level of aid, but increase the civil society partnerships to ensure aid is focused on reaching the poor

5.1. Ranked 153/169 in the 2010 UNDP Human Development Index, Malawi is one of the poorest countries in the world. With one of the lowest per capita incomes in Africa at less than $250 per head, and one of the highest population densities on the continent, Malawi suffers from extreme levels of poverty. This results in natural resource depletion and food shortages. Malawi faces widespread rural poverty, low agricultural productivity, and depleted social services.

5.2 Malawi continues to make laudable progress towards MDG 6 on HIV prevalence, and it has recently been identified as one of the countries to have reduced HIV prevalence by 25 percent (UNAIDS and Government of Malawi, 2010). This achievement, however, masks the reality that more than 70,000 (seventy thousand) new HIV infections continue to occur annually in Malawi. HIV is also attributed as being a cause of at least one-third of maternal mortality and 20 percent of mortality in children under five in Malawi.

5.3. 80% of Malawi’s populations are reliant on agriculture for their livelihood. In the past Malawi has been a net exporter of food. However erratic rains, increasing incidences of drought, few agricultural inputs and small plots, all mean that rural Malawians are now struggling or unable to support themselves. 40% of households live in extreme poverty with many more in danger of falling back into poverty. The Church works with people in these difficult circumstances: seeking to overcome the problems caused by poverty and provide people with the means to create a more sustainable future. People are not just beneficiaries in ACMs programs but active participants in devising their own solutions and building a future for their families, communities and contributing to a stronger Malawi by demanding accountability from their government.

February 2012
Written evidence submitted by Women and Children First, the Health Foundation, the Institute of Child Health, Maikhanda and the Perinatal Care Project

How the UK Can Help Meet the Millennium Development Goals in Malawi

SUMMARY

This joint submission has been prepared by the Health Foundation; the UCL Institute of Child Health (ICH); MaiKhanda; the Perinatal Care Project - the Ministry of Health in collaboration with Women and Children First (WCF-UK), Ntcheu District and WCF-UK. (See organisation profiles at Appendix 1.)

DFID is to be commended for its strong policy on reproductive, maternal and newborn health and its history of supporting healthcare in Malawi. Malawi is at a critical time in its progress towards the Millennium Development Goals (MDGs). To accelerate progress and avoid reversing any gains, it is imperative that DFID and other donors support the Ministry of Health - and other providers where there are shortfalls in Government provision - in meeting their obligations to provide quality healthcare. This will require clear measures on governance and performance monitoring.

This submission stresses the value of working with communities and supporting an approach which combines community mobilisation and quality improvement in healthcare facilities. It highlights the importance of improving quality of care, especially emergency obstetric care and neonatal care, and increasing access to contraceptives. Critical challenges - such as improving equitable access to quality services, the shortage of skilled health workers and ensuring supplies - are also addressed. It concludes by highlighting the importance of enhancing accountability and transparency, and underlining the valuable contribution of civil society and parliamentarians.

KEY RECOMMENDATIONS

DFID should support the Ministry of Health and other providers to:

1. Meet their obligations to provide quality healthcare.
2. Address both demand and supply-side barriers to maternal and newborn health.
3. Scale up best practice by championing an approach which combines community mobilisation and quality improvement in healthcare facilities.
4. Support communities in establishing participatory women’s groups.
5. Target the poorest and most vulnerable.
6. Ensure equitable access to quality services.
7. Focus resources on improving quality of care, especially in emergency obstetric care and neonatal healthcare.
8. Support improvement in quality of care at all health facilities through the training and mentoring of managers to provide a systems-based approach to improving performance of health services.
9. Expand the supply of quality family planning to meet unmet demand, encourage birth spacing and avoid recourse to unsafe abortion.
10. Endorse civil society organisations which provide post-abortion care as well as those advocating for reform.
11. Recruit and train new staff, maintain staff competencies, enhance clinical skills, retain staff and ensure adequate supervision of staff.
12. Map and upgrade health centre facilities.
13. Improve supply chain management, focusing on the availability of essential drugs, including auditing drugs and forecasting commodities.
15. Monitor and evaluate project support at all levels.
16. Work with and value the contribution of civil society and parliamentarians in enhancing accountability and transparency.
1. **Background and Rationale**

1.1 **Malawi**

1. The challenges facing Malawi, as one of the least developed countries, include a burden of diseases and an acute lack of health system resources. There is a high prevalence of communicable diseases, including HIV and AIDS, tuberculosis and malaria. HIV affects women more than men: the prevalence among women is 13% compared to 8% among men.\(^1\)

2. Access to reproductive, maternal and newborn health services remains very limited. The risk of dying in pregnancy or childbirth is 1 in 18 in Malawi\(^2\), compared to just 1 in 2,800 in developed countries. Likewise, the risk of neonatal death is considerably higher.

3. Malawi is likely to achieve five of the eight MDGs: with gender equality and empowerment of women (MDG 3), universal primary education (MDG 2) and maternal health (MDG 5) unlikely to be met. The maternal mortality rate has recently declined but it still remains very high: one of the highest in the world. Although considerable progress has been made in reducing child mortality (MDG 4), neonatal mortality\(^3\) lags behind.

4. The health and well-being of the mother and baby are inextricably linked. In order to achieve MDGs 4 and 5, they must be addressed together. To this end, points raised in Section 3 on MDG 5 also apply to Section 4 on MDG 4.

1.2 **DFID’s Policy and Financial Assistance**

5. The Government of Malawi has relied on donor support for as much as a third of its budget\(^4\), with DFID traditionally one of the largest bilateral donors. DFID is to be commended for its contribution to Malawi towards achieving MDGs 4 and 5. It has invested considerably in the health system in the past and should continue its support to consolidate this investment.

6. **DFID’s Framework for Results**, “Choices for Women, Planned Pregnancies, Safe Births and Healthy Newborns,” outlines its policy in this area, based on four “pillars” for action:

1. Empower women and girls to make healthy reproductive choices.
2. Remove barriers that prevent access to quality services.
3. Expand the supply of quality services.
4. Enhance accountability for results at all levels.

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\(^1\) National Statistical Office, Zomba, Malawi, “Malawi Demographic and Health Survey 2010”, September 2011. Statistics given are for men and women age 15-49. HIV prevalence is highest among women age 35-39 (24 %).


\(^3\) Deaths in the first four weeks of life.

7. There is evidence that DFID’s health sector-wide approach (SWAp) has resulted in improved health outcomes and access to services.\(^5\) However, there are concerns about growing inequity in access: this is a pivotal time in Malawi’s progress towards the MDGs.

1.3 Need for Donor Support to Malawi to Achieve the Health MDGs

8. “Given the macro-economic reality of the country, donor support to the health sector will be necessary to maintain and increase the current levels of health spending and contribute to the positive changes in health status such as the remarkable drop in under-five mortality that the country has been able to achieve.” Health Financing in Malawi: Evidence from National Health Accounts\(^6\)

9. The Government of Malawi’s contribution to total health expenditure, at 12%\(^7\), is below the level set by the Abuja Declaration of 15% of the national budget. While there is an urgent need for the Government to increase its own contribution towards healthcare (and, within that, the proportion of health spending allocated to prevention and public health, rather than curative care), the role of the international community is also vital.

10. By supporting the Ministry of Health, and lobbying other UK Government departments to cancel debt, DFID can act as a catalyst, bringing its influence to bear on other donors.

Recommendations:

11. DFID should:
   ✓ Support the Ministry of Health and other providers in meeting their obligations to provide quality healthcare.
   ✓ Support the Government of Malawi in increasing public expenditure on health.
   ✓ Harness its influence to encourage other donors to support the Government.
   ✓ Lobby other UK Government departments for fair trade rules and writing off debt.

2. Effectiveness of Mobilising Communities as well as Improving Healthcare Facilities

2.1 MaiKhanda

12. A landmark study in Malawi has highlighted the value of mobilising communities to take greater control over their health at the same time as improving the quality of healthcare. The MaiKhanda programme incorporated a cluster randomised controlled trial design, including interventions to address demand-side and supply-side barriers to maternal and newborn health.

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\(^7\) “World Health Statistics 2011,” WHO. The figure of 12% is for 2008.
13. It incorporated community mobilisation, using a participatory “action cycle” based on women’s groups and quality improvement in health facilities. Women identified problems themselves, devised solutions, such as bicycle ambulances, health education, voluntary counselling and testing for HIV, implemented strategies with support from their communities and mobilised locally available resources themselves.

14. The quality improvement intervention encompassed nine hospitals providing comprehensive emergency obstetric care and 29 health centres providing some elements of basic emergency obstetric care. The aim was to address supply-side barriers - reducing delays in receiving care – with a focus on enabling health workers to improve routine obstetric and neonatal care processes. Training and support were provided in protocols for haemorrhage, sepsis and neonatal asphyxia.

15. Frontline health workers were shown how to use their own data to identify gaps in performance, analyse failing systems of care and test their own ideas for improving performance. The quality of routinely collected health data was improved through participation of the District managers and data officers.

16. An independent evaluation of MaiKhanda, carried out by ICH, found remarkable results\(^8,9\). When the programme incorporated both community mobilisation and quality improvement in healthcare facilities in the same catchment areas, neonatal mortality was reduced by 22%, compared with control areas. In the final 15 months of the study, when the intervention was strengthened, a 30% reduction in neonatal mortality was observed. It is estimated that more than 1,300 lives have been saved.

17. Evidence from MaiKhanda shows interventions aimed at reducing newborn deaths are more effective when programmes involve and work with the communities they serve at the same time as strengthening healthcare systems. It illustrates the value of addressing both demand-side (community and individual) and supply-side barriers (health system) and strengthening the linkages between them. These linkages can create genuine dialogue between health facilities and the communities they serve, leading to better and timely uptake of services as well as more patient-centred care. The effect of the combined intervention on neonatal mortality is highly cost-effective by WHO criteria which, for Malawi, is less than $5,400 per stillbirth or neonatal death averted.\(^10\)

2.2 Ntcheu

18. In Ntcheu District, women’s groups, using the same community approach as MaiKhanda, identify their own strategies to improve maternal and newborn health and enhance

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\(^10\) “Learning Report,” ibid
wellbeing, including addressing clean water, sanitation and malaria. It is important that the Traditional Authorities (TAs) provide leadership to improve maternal and child health, including advocating for the District Assembly to support implementation at the community level.

2.3 Empowerment of women and girls

19. Closely linked to health, the empowerment of women and girls is a central tenet of DFID’s policy (Pillar 1). Through community mobilisation, women are informed of their reproductive rights and empowered to demand quality services, thereby holding service-providers to account. Other benefits not directly related to health include income generation from growing vegetables and planting trees.

20. This approach complements DFID’s Pillars 1, 2 and 3 and is a model which should be championed.

Recommendations:

21. DFID should support the Ministry of Health and other providers to:
   ✓ Scale up the application of best practice to reduce newborn mortality, incorporating combined interventions at the community and healthcare facility levels.
   ✓ Address both demand-side and supply-side barriers to healthcare.
   ✓ Support the TAs’ role in endorsing healthcare strategies at the community level.
   ✓ Support communities in establishing participatory groups that empower women to demand quality services, lobby for improved quality and forge linkages with service providers.

3. DFID’s Unique Contribution Towards Enabling Malawi to Achieve MDG 5

22. The vast majority of maternal and newborn deaths can be prevented through simple and cost-effective measures:
   • access to family planning to avoid unintended pregnancies and encourage birth spacing;
   • skilled attendance at birth;
   • quality emergency obstetric care.

3.1 Family Planning and unsafe abortion

23. DFID should be commended for addressing important, often neglected, roots of maternal mortality and morbidity, such as limited access to family planning and unsafe abortion.

24. Contraceptive prevalence in Malawi is low: the rate among all women using any method is just 35%. Many men and women would like to plan and space their families but lack access

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11 Each District is made up of several Traditional Authorities (TAs), which are in turn composed of villages, the smallest administrative unit in Malawi.
12 MDG 5: Improve maternal health. Target 5a: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio. Target 5b: Achieve, by 2015, universal access to reproductive health.
13 UNFPA, “Safe Motherhood: Stepping Up Efforts to Save Mothers’ Lives”. 
to quality, affordable family planning. Evidence suggests that injectables contraceptives, such as Depo-Provera, are proving popular among women in Malawi. A report by USAID highlights the potential for making injectable contraceptives available through community-based distribution.\(^{15}\)

25. Recent evidence published in the Lancet shows that nearly all (97%) abortions were unsafe in Africa, and that restrictive abortion laws – such as in Malawi, where abortion remains illegal – are not associated with lower abortion rates.\(^{16}\) On unsafe abortion, DFID has stated: “We can help make the consequences of unsafe abortion more widely understood in countries where it is highly restricted. We can also consider supporting civil society-led processes that enable legal and policy reform.”\(^{17}\) DFID can exercise an important function in highlighting the public health consequences of unsafe abortion.

**Recommendations:**

26. DFID should support the Ministry of Health and other providers to:

- Expand the supply of quality family planning services and information in order to meet unmet demand, achieve MDG Target 5b and avoid recourse to unsafe abortion.
- Endorse civil society organisations which provide post-abortion care as well as those which advocate for reform.

3.2 Provision of quality care

27. Skilled attendance at birth is critical to achieving MDGs 4 and 5. However, the shortage of skilled health workers in Malawi is acute: notably community midwives, clinical officers, doctors, nurses and Health Surveillance Assistants (HSAs)\(^{18}\). HIV/AIDS further exacerbates the human resource crisis.

28. It is vital to increase the number of trained community-based midwives and strengthen district-level health systems to provide back-up support. See Section 5.

29. There is evidence that the level of basic emergency obstetric care in health centres in central Malawi is very poor. Basic emergency obstetric care should encompass six functions to save a woman’s life and her baby. However, a recent trial in three districts of Malawi found that, of these six functions, just 1.6 were provided at health centres.\(^{19}\) Essential drugs to treat eclampsia, which is one of the main causes of maternal mortality in Malawi, are not routinely available.

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\(^{14}\) National Statistical Office, ibid.
\(^{15}\) USAID, “Community Based Distribution of Injectables Contraceptives in Malawi”, April 2009.
\(^{17}\) DFID, “Safe and Unsafe abortion”, Practice Paper, DFID Policy, July 2011
\(^{18}\) Health Surveillance Assistants (HSAs) are employed by the Government to work at the community level in preventive health and health promotion, in areas such as hygiene and sanitation.
30. It is unlikely that MDG 5 will be attained without significant additional investment to improve the quality and accessibility of emergency obstetric care. The Ministry of Health estimates that only half the births requiring emergency care are receiving such care. See Section 5.

**Recommendations:**

31. DFID should:

- Support the Government in recruiting and training new staff with midwifery skills as well as enhancing existing staff’s clinical skills and knowledge.
- Ensure that the Ministry of Health complies with international guidelines for the provision of basic and comprehensive emergency obstetric care and that data monitoring is in place.

4. **DFID’s Unique Contribution Towards Enabling Malawi to Achieve MDG 4**

32. Resources need to focus on neonatal mortality, given the slow rate of decline in this area. Key drivers of neonatal deaths are premature delivery, asphyxia and severe infection (such as sepsis and pneumonia). Low birth weight is a significant indirect cause of death.

33. It is vital that DFID and other donors focus support on evidence-informed interventions to improve quality of care.

**Recommendations:**

34. DFID should support the Ministry of Health and other providers to:

- Implement the cost-effective approach combining community mobilisation and healthcare facility improvement. See Section 2.
- Provide in-situ training on neonatal resuscitation to prevent asphyxia.
- Expand facilities for “Kangaroo Mother Care” (for premature babies) in health centres and promote the practice at community level via HSAs and Traditional Birth Attendants.
- Support the prevention and treatment of sepsis: following sepsis prevention protocols and ensuring adequate stocks of antibiotics to treat sepsis. See Section 5.
- Increase the number of post-natal checks in the community, especially during the first week.

5. **Urgent Need to Strengthen the Health System and Ensure Equity**

35. DFID is to be commended for the support it has given to health system strengthening at the district level and for its pro-poor emphasis.

36. Ensuring skilled attendance at birth is an integral step towards realising equitable access to quality services. Pregnant women who are poor and marginalised often experience

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21 MDG 4: Reduce child mortality. Target: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
difficulties in reaching and accessing services. They may travel long distances, have to wait before receiving care and experience poor quality of obstetric and newborn care. As Government facilities often do not reach the poorest and most marginalised communities, ensuring equity is a priority, including the provision of a functional transport system.

37. The Ministry of Health’s “Road Map” identifies the following challenges: shortage of staff, weak procurement and logistics systems for drugs, supplies and equipment and weak referral systems. DFID’s Emergency Human Resources Programme, which addresses the acute shortage of skilled health workers, should be continued.

38. Ensuring the availability of drugs, equipment, supplies and contraceptives is critical. It is key to freeing up the deadlock with central medical stores and issues relating to procurement which have hampered distribution of drugs. The focus should be on improving checks on distribution and auditing drug usage against supply.

Recommendations:

39. DFID should support the Ministry of Health and other providers to:
- Target the poorest and most vulnerable.
- Increase equitable access to services for poor, marginalised communities (eg by providing ambulances and “waiting houses” at hospitals for pregnant women).
- Improve drugs and logistics management systems, including auditing drugs and forecasting commodities.
- Recruit staff, expanding the community midwives programme initiated by the Callista Mutharika Safe Motherhood Foundation.
- Maintain staff competencies, enhance clinical skills, retain staff and ensure adequate supervision of staff.
- Train and mentor midwives, via the Royal College of Midwives, in collaboration with the Ministry of Health.
- Be accountable for achieving optimal staffing/service user ratios.
- Build capacity and skills to use quality improvement methods to identify and prioritise gaps in performance and to improve the performance of care.
- Map and upgrade health centre facilities, including in remote areas.
- Improve the Health Management Information System at the district level, build capacity for data analysis, and ensure that the TAs relay health data back to the community to boost motivation.

6. Ensuring Accountability and Transparency

40. DFID can play a vital role in ensuring accountability and encouraging civil society participation at this time of unrest in Malawi. Continued support for civil society

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organisations, which mobilise communities, engage with the Government and hold healthcare providers to account, is critical.

41. The role of parliamentarians in Malawi is key: in keeping with Pillar 4\textsuperscript{24}, they exercise an important function in holding the Government to account and ensuring better use of resources.

**Recommendations:**

42. DFID should support the Ministry of Health and other providers to:

- Rigorously monitor and evaluate project support at all levels.
- Account for their commitment to the MDGs and key policy documents, such as the “Road Map”.
- Work with and value the UN agencies’ contributions in enhancing transparency.
- Work with and value the contributions of civil society and parliamentarians in enhancing accountability.

February 2012

\textsuperscript{24} Pillar 4 of DFID’s Framework for Results: “to enhance accountability for results at all levels with increased transparency.”
Appendix 1

INFORMATION ABOUT CONTRIBUTING AGENCIES

- **Health Foundation**

The Health Foundation is a UK-based independent charity working to improve the quality of healthcare in the UK. Working at every level of the healthcare system, the Health Foundation aims to develop the technical skills, leadership, capacity, knowledge and the will for change that are essential for real and lasting improvement. To this end, it commissions research, reviews and shares new ideas, influences policy-makers and collaborates with other agencies.

- **Institute of Child Health**

The UCL Institute of Child Health (ICH) pursues an integrated multi-disciplinary approach to enhance understanding, diagnosis, therapy and prevention of childhood disease. A broad range of paediatric issues is covered, from molecular genetics to population health sciences. ICH, in partnership with Great Ormond Street Hospital, is the largest centre in Europe devoted to clinical and basic research and postgraduate teaching in children’s health.

- **MaiKhanda**

MaiKhanda, a maternal and newborn health programme funded by the Health Foundation, was set up in 2006. Technical support has been provided by Women and Children First (WCF) and the Institute for Healthcare Improvement. MaiKhanda supports the community and health system to play an active part in achieving better health and saving lives in three rural districts. WCF supported the mobilisation of 879 women’s groups: the largest intervention of its kind in Africa. The groups identify and overcome the healthcare problems they face in their communities through low-cost solutions.

- **The Perinatal Care Project, WCF in collaboration with Ministry of Health, Ntcheu District, Malawi**

WCF has worked in partnership with the Ministry of Health in the district of Ntcheu since 2005. The latest project, funded by Comic Relief, entails setting up 144 women’s groups. It builds on previous learning to improve maternal and child health practices in the community while also improving the quality of services provided to pregnant women and their children. A low cost data collection system is being implemented to support health service planning and establish an informal referral service to ensure the provision of skilled care.

- **Women and Children First (UK)**

WCF is a UK-based international development agency set up in 2000 to address the unacceptably high levels of maternal and newborn mortality and morbidity in poor communities in the developing world. It has established country programmes in partnership with local and national agencies and governments in Bangladesh, India, Malawi and Nepal. WCF works to develop and share best
healthcare practices to improve maternal and newborn health in poor communities, with a particular focus on pregnancy and the first 28 days of life.
Written evidence submitted by The Scotland Malawi Partnership (SMP)

[1] Background:

[1.1] The Scotland Malawi Partnership (SMP) is the national umbrella body representing Scotland’s many civil society links with Malawi. It exists to inspire the people and organisations of Scotland to be involved with Malawi in an informed, coordinated and effective way for the benefit of both nations. More than 85,000 Scots and 148,000 Malawians are actively involved in this unique bilateral relationship each year, contributing in excess of £30 million and benefitting more than 280,000 Scots and 1.38 million Malawians a year.

[1.2] The SMP is underpinned by a historic bilateral civil society relationship based not on donors and recipients but on long-standing, mutually-beneficial community to community, family to family and people to people links. It is a relationship built on trust and mutual respect.

[1.3] By creating a single space for all the organisations and individuals in Scotland currently engaged with Malawi to come together, the SMP is able to help reduce duplication of effort, promote best practice, facilitate collaborative working and contribute towards poverty alleviation in Malawi.

[2] The SMP recognises the current challenges the Department for International Development (DFID) faces operating in Malawi. Fuel shortages, the over-valued kwacha, a lack of foreign exchange, localized food insecurity, rising inflation and increasing social, economic and political instability all make this a different working environment to that faced eighteen months ago.

[3] The Partnership recognizes and strongly supports the commitment made by Her Majesty’s Government (HMG); that it will not reduce the total sum of £373 million budgeted for international development work in Malawi; that funds not spent through general budget support will be rechanneled within Malawi; and that any changes to the UK’s development assistance will not cause additional suffering for the poorest and most vulnerable in Malawi.

[4] The UK, and Scotland in particular, has a long-standing relationship with Malawi. It has survived many setbacks in the past but remains strong, vibrant and mutually beneficial today. The severity of the contemporary challenges faced by the people of Malawi offer all the more reason for the UK to redouble efforts to combat poverty amongst the most vulnerable in Malawi.

[5] As the Committee considers the development situation in Malawi, the SMP asks:

[5.1] How will DFID ensure that HMG’s decision to suspend general budget support will not negatively affect Malawi’s poorest and most vulnerable citizens?

[5.2] Has DFID agreed and communicated externally the pre-conditions necessary to re-initiate general budget support in Malawi?

[5.3] How is the absence of High Commissioners, in London and in Lilongwe, going to affect the UK’s capacity to contribute constructively to Malawi’s approach to the 2014 Elections?

[5.4] How will DFID address the widely held misconception in Malawi, and elsewhere, that the UK has suspended all development commitments in Malawi?

[5.5] Can DFID make a constructive contribution, directly or indirectly, to facilitating a more constructive relationship between the Government of Malawi and Malawian civil society?

February 2012
Written evidence submitted by Scotland Malawi Partnership  
Revised 18th May 2012

In light of the seismic political changes in Malawi resulting from the death of President Bingu wa Mutharika, the Scotland Malawi Partnership has updated its submission to the International Development Committee.

[1] Background:
[1.1] The Scotland Malawi Partnership (SMP) is the national umbrella body representing Scotland’s many civil society links with Malawi. It exists to inspire the people and organisations of Scotland to be involved with Malawi in an informed, coordinated and effective way for the benefit of both nations. More than 85,000 Scots and 148,000 Malawians are actively involved in this unique bilateral relationship each year, contributing in excess of £30 million and benefitting more than 280,000 Scots and 1.38 million Malawians a year.

[1.2] The SMP is underpinned by a historic bilateral civil society relationship based not on donors and recipients but on long-standing, mutually-beneficial community to community, family to family and people to people links. It is a relationship built on trust and mutual respect.

[1.3] By creating a single space for all the organisations and individuals in Scotland currently engaged with Malawi to come together, the SMP is able to help reduce duplication of effort, promote best practice, facilitate collaborative working and contribute towards poverty alleviation in Malawi.

[2] The Partnership recognizes and strongly supports the commitment made by Her Majesty’s Government (HMG): that it will not reduce the total sum of £373 million budgeted for international development work in Malawi; that funds not spent through general budget support will be rechanneled within Malawi; and that any changes to the UK’s development assistance will not cause additional suffering for the poorest and most vulnerable in Malawi.

[3] The SMP applauds the Government and people of Malawi on the peaceful and constitutional succession, despite considerable challenges and pressure, which saw the Hon. Joyce Banda sworn in on the 7th April 2012 as the new President of the Republic of Malawi.

[4] The SMP recognizes the many positive steps taken by President Banda in her first six weeks in office to address the serious social, economic and political challenges faced by Malawi. It is clear that Malawi’s new president is absolutely committed to re-establishing warm relations with the United Kingdom. Many of the requests made by HMG have been undertaken by the Government of Malawi including, most notably, the significant devaluation of the Kwacha, in line with advice from the IMF and HMG.

[5] The SMP warmly welcomes the commitment made from the UK Foreign Secretary to re-establish full diplomatic ties with Malawi, and the announcement from the Secretary of State for International Development that HMG will assist Malawi with an urgent £30 million package to support the Malawian health system and help stabilize the economy.
MAL 14X

[6] The SMP recognizes that the people and government of Malawi face a number of continued challenges including fuel, medicine and commodity shortages, a lack of foreign exchange, and localized food insecurity. Furthermore, the drastic devaluation of the Kwacha, at the behest of the IMF and HMG, will likely exacerbate challenges around inflation, the rising cost of living, and the cost of importing essential goods into Malawi.

[7] The UK, and Scotland in particular, has a long-standing relationship with Malawi. It has survived many setbacks in the past but remains strong, vibrant and mutually beneficial today. The severity of the contemporary challenges faced by the people of Malawi, combined with the positive steps being taken by the Government of Malawi in line with advice from HMG, offer all the more reason for the UK to redouble efforts to combat poverty amongst the most vulnerable in Malawi.

[8] As the Committee considers the development situation in Malawi, the SMP asks:

[8.1] How has DFID ensured that HMG’s decision to suspend general budget support has not negatively affect Malawi’s poorest and most vulnerable citizens?

[8.2] Will DFID now re-instate general budget support for Malawi, given the overt commitments made by the Government of Malawi to follow the advice of HMG, and, if so, in what timescales?

[8.3] Will DFID meet HMG’s commitment that the total UK assistance commitment in Malawi will not fall below the bottom line announced after the last bilateral review?

[8.4] When will HMG reinstate a full diplomatic mission in Malawi, with a British High Commissioner in Lilongwe?

[8.5] Can DFID make a constructive contribution, directly or indirectly, to facilitating a more constructive relationship between the Government of Malawi and Malawian civil society?

21 May 2012
Written evidence submitted by Mark Miller

How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi?

Executive Summary

1. Despite the high rates of economic growth and progress made against the Millennium Development Goals between 2004 and 2009: recent events have shown that continued structural vulnerabilities in social and economic conditions in Malawi remain largely unchanged.

2. While aspirations to “Transform the country from an importing and consuming nation into a producing and exporting one” are oft quoted; there is a telling absence within government of debate, policy papers, research, strategy and vision on how government might get there.

3. At present the UK government are not actively influencing the building-up of this transformative agenda. A bias towards issues that can be more easily measured in performance assessment frameworks has meant that government and donors have often not exchanged ideas on key policy issues. In addition, the UK’s aid portfolio has traditionally been concentrated in sectors of social development and protection, rather than growth.

4. Further, advice on economic policy has largely been devolved by all donors to the IMF. This has contributed to the current static, dualistic and overly antagonistic discussion on key issues of economic policy including the exchange rate.

5. There is a pressing need to rebuild the space to engage with government on issues of development policy.

Recommendations

6. The UK could increase the development impact of its assistance by focusing its financial support and leverage on a smaller number of major transformative changes. At present, most pressing is the continued issue of the overvalued exchange rate on which the UK should focus its efforts.

7. The UK government could shift more of its financial support to addressing infrastructure constraints to export growth. Only through growth in exports will exchange rates stabilize in the longer-term.

8. The UK could think more strategically about how it can engage with a wider range of actors, both informally within government and outside of government to influence policy.

9. The UK could play a significant role in building a body of research and culture of debate on economic development policy in Malawi which is at present almost completely lacking.

10. The UK could think more creatively about the linkage between the finance it provides and how it influences policy, for example, by using aid flows to ease the adjustment costs of exchange rate devaluation.

11. Technical advisory programs should be restructured to respond to country requests rather than a pre-determined agenda.
Introduction

12. I worked in the Budget Department of the Ministry of Finance between 2008 and 2011, first as an Overseas Development Institute Fellow and later as a Technical Adviser financed through DFID’s Performance, Evidence and Accountability Program. During that time, I worked primarily on issues of budget and fiscal policy.
13. The perspective I aim to offer in this witness statement is based on my experiences working as a civil servant in the Malawi government. I have particularly focused on my impressions of the existing modes of engagement between the UK and Malawi government and the implications for UK development support.

Background

14. During the period of 2004-2009, Malawi was being hailed as a success story. The economy achieved sustained high rates of economic growth, jobs were created and progress was made against the MDGs.
15. Development assistance over the period of 2004-2009 was very much focused on raising the human development of the poorest and most vulnerable. In particular, the Farm Input Subsidy Program (supported by the UK government) which targeted smallholder farmers, made measurable improvements to national and household food security, as well as reducing poverty.
16. Observers of Malawi will rightly point to the 2009 election as a turning point in recent developments in the country: but the rapid deterioration in fortunes since highlights the continued and largely unchanged political and economic vulnerability in Malawi.
17. I am struck when reflecting on my three years working in the Ministry of Finance in Malawi, on how ill-informed I feel about what is required to bring about the type of transformative change that is needed to address those vulnerabilities that constrain sustained opportunities for growth, job creation and human development.
18. Aspirations of Malawian policy were often articulated and indeed repeated, most memorably in the wish to “transform the country from an importing and consuming nation into a producing and exporting one”; yet there is a telling absence within government of debate, policy papers, research, strategy and vision on how government might get there. For example, while it is universally recognized that Malawi is overly-reliant on exports of tobacco, I never saw a comprehensive report or heard a debate on how Malawi may be able to undergo the type of ‘Green Revolution’ witnessed in Asia.
19. This lack of policy debate in government partly emanates from the central role played by the President in setting policy in Malawi. To a large extent, the Executive’s role is perceived simply as implementers, rather than advisers, yet I think donors are often culpable as well.
20. Managed in the right way, I believe development assistance could act as a catalyst both financially and technically to enrich more detailed analysis and engagement on addressing some of the deep-seated constraints to growth and transformation.
21. However, my own experiences in government were such that I found donor engagement often reduced the space for building a government-owned, developmental agenda.

**Donor assistance and policy space**

22. The size of aid that the UK provides to the Malawi government means it has a significant impact on the macro-economy and the welfare of Malawians more generally. £90 million can finance the entire Farm Input Subsidy Program or fuel purchases for 4 months. This impact is magnified when closely aligned to other donor countries. Such is the size and importance of aid inflows to national welfare, a large part of Malawi government energy is preoccupied with ‘keeping the aid taps open’.

23. The executive in Malawi has become increasingly adept at meeting donor targets, but without necessarily reviewing sceptically why donor policy recommendations, reforms or prescriptions might be important. For example, governments commit to externally determined proportional budgetary allocations as conditions for receiving aid (e.g. 20% of all recurrent budget to be spent on education) without any type of analytical work provided to the Ministry of Finance on why such an allocation should be made. This contributes to overall passivity of the Malawi executive in setting their own clear policy agenda.

24. Further, the Performance Assessment Frameworks against which donors judged the performance of government have a significant bias towards results which can be measured rather than the transformative questions which are often of much greater importance. In the CABS review of 2011, as Malawi was veering towards the current severe foreign exchange crisis, the government met 12 out of its 14 targets in the framework for Public Financial and Economic Management. Yet in terms of the long-term development of Malawi, the importance of the targets that were achieved was marginal.

25. Rather than fostering a culture of economic policy debate and engaging the government in dialogue, donors often seemed more preoccupied with protecting and justifying their investments than in engaging with the complex issues of economic and social transformation in Malawi. While I never read a vision for agricultural transformation commissioned by donors: I read two performance Evidence and Financial Accountability assessments, numerous fiduciary risk assessments, a Public Expenditure Review on Travel and numerous financial and procurement audits.

**The IMF’s Monopoly on Economic Policy Advice**

26. Compared to engagement on fiduciary assessments and performance assessment frameworks, I found the Ministry of Finance used to almost begrudgingly enjoy IMF Missions in as far as trained economists were actually being asked to talk about economics rather than targets in Performance Assessment Frameworks. The issues discussed during
missions were perceived to be of national importance even if the environment was antagonistic.

27. The IMF has a specific and important role to play in providing a useful external snapshot of the health of the Malawian macro-economy, which can be used by potential investors, development partners and government as a guide of potential economic prospects. They are also one potential source of policy advice.

28. Yet the current institutional architecture is such that ‘economic policy’ has essentially been devolved by donors to the IMF, which has given this organisation disproportionate influence and visibility.

29. This is unhealthy for a number of reasons: first, the IMF’s approach is one of providing a diagnostic on the existing state of the economy – their primary interest is in macroeconomic stability, but are less well positioned for commenting on the dynamics of growth and development. They have for example provided repeated warnings about the Malawi exchange rate being overvalued; yet they are less well placed to engage with government’s more long-term concerns about how to address the stagnant productivity growth and weak competitiveness of the Malawi economy, which leads to persistent currency depreciation.

30. Secondly, the current architecture lends itself to a highly antagonistic and confrontational relationship between Government and the IMF and its perceived key stakeholders: the development partners who rely upon the Fund’s assessment for aid disbursements. The IMF has essentially just one lever at its disposal in guiding policy discussions, namely to approve or not approve programme arrangements. Where risks and challenges of policy adjustments are detected; the IMF does not have the financial resources to enter into meaningful and collaborative discussions with government about how costs of adjustment might be eased or mitigated.

31. Thirdly, in a nascent democracy, a plurality of voices on issues of economic policy is important. When the IMF assesses the UK economy: the UK government, the press, other international organisations, think tanks, NGOs may all express differing opinions. In Malawi, debate is unhealthily polarized between the government of Malawi and the IMF.

**Donor-government antagonism and suspicion**

32. The existing arrangements have fostered an increasingly confrontational relationship between donors and government. A number of Ministers and influential, favoured pragmatists in the Executive spend an inordinate amount of time aiming to reconciling domestic policy diktats and donor targets which cannot be ignored (even when considered largely irrelevant) because of the sheer size and importance of development assistance to the economy. This process is time-consuming, as well as often psychologically humiliating.

33. This culture of antagonism extends to Technical Assistance. A great deal of Technical Assistance does not respond to a country’s wishes or agenda but is often forced upon governments as a condition of financial support. Technical Assistance is also often closely linked to the parent institution or source of finance. For example, in Malawi, almost all
technical advice on Public Financial Management (PFM) is provided by the technical assistance arm of the IMF. This obviously raises clear difficulties in frank dialogue: when the agency responsible for providing technical assistance reports to a parent organisation responsible for providing an audit of the Malawian economy, upon which hundreds of millions of dollars are at stake.

34. The psychology of being under constant outside assessment has led the default response of government to defend the status quo, rather than discuss openly weaknesses and areas where help could be of benefit.

Recommendations

35. The UK government can play a key role in rebalancing the focus of the development agenda in Malawi away from an overly narrow focus on the social development of the poorest towards a broader engagement with how Malawi can transform its economy over time.

Recommendation 1:

36. A greater proportion of UK development assistance in Malawi could productively be channelled towards capital investment (potentially through multilateral development banks) to address long-standing infrastructural constraints to growth. Although lip-service has been made to a ‘division of labour’ amongst donors in Malawi; the composition of the overall aid portfolio and the weight of energy spent discussing are overly weighted towards governance, social development and protection. Donor investment to build energy generation capacity has been minimal, despite only 4% of the population having access to electricity. The country’s commercial capital Blantyre continues to suffer from sporadic water shortages impacting upon fledgling industry.

37. The long-term commitment required and benefits of this type of investment mean that they should not perhaps be subject to the same conditionalities on governance as other forms of development finance. Increasing the proportion of investment in this type of long-term investment-driven agenda with less stringent conditionalities could help to reduce the current high levels of aid volatility.

Recommendation 2:

38. The UK could increase the development impact of its assistance by focusing its energies, financial support and leverage on a smaller number of major transformative changes.

39. One of the most pressing issues affecting the Malawi economy is the overvaluation of the exchange rate. Currency devaluation alone would likely be of more significance than the other 13 targets that relate to public financial and economic management on the performance assessment framework combined, which begs the question, do all 14 targets really need to be measured? Focusing engagement on development policy on a much
smaller number of genuinely impactful issues would be of much greater developmental benefit.

40. **Closely related is also a pressing need for a serious national discussion about broadening the country’s agricultural policy to more actively engage with promoting productivity in growing cash crops for export.** While the Farm Input Subsidy Programme (FISP) has been successful at increasing maize yields (the chief subsistence crop), improving food security and reducing poverty: maize is not a major export crop in Malawi. The FISP draws in enormous demand for foreign exchange yet does not directly generate capital accumulation or the foreign exchange earnings that are crucial to financing imports for further economic expansion. While the FISP may still have a role in addressing household vulnerability, it will not serve to reduce Malawi’s reliance on the exports of tobacco.

**Recommendation 3:**

41. **The UK could think more strategically about how it can engage with a wider range of actors, both informally within government and outside of government**

42. Partly as a result of the IMF’s monopoly on economic policy discussed above, devaluation has up until now has been successfully framed by the President as ‘Bretton Woods institutions versus the Malawian poor’.

43. The UK may wish to think about developing dialogue with a broader range of stakeholders than its current focus on government and ciuivil society organisations. The press, for example, in Malawi is refreshingly free of political influence; however, the quality of analytical journalism could be improved significantly given support. Where for example are the economics specialists who can outline benefits and drawbacks of devaluation in terms that the readership of the newspapers can easily understand?

44. Another key stakeholder in Malawi’s economic development is the private sector. It was the Chief Executive of Press Corporation who first openly reported to the press that Malawi’s failure to purchase fuel was a result of foreign exchange shortage. This put an end to the credibility of months of claims from government that shortages were a result of traffic issues in Mozambique. More could be done to effectively mobilize the voice of the private sector in the development agenda.

**Recommendation 4:**

45. **The UK could play a significant role in building a body of research and culture of debate on economic development policy in Malawi which is at present almost completely lacking.** On the issue of devaluation and more generally, working papers could be commissioned using influential Malawian voices, the academia and a range of voices from the international community. Public presentations and debates on issues of policy could also be financed and promoted directly by the UK government or through existing or new civil society organisations.
Recommendation 5:

46. The UK government could think more creatively about the linkage between the finance it provides and how it influences policy. For example, in the case of devaluation, development assistance over a period of 2-3 years could be committed to ease the impacts of devaluation on the cost of the two most strategic imports: fuel and fertilizer. On fuel, the UK government could offer to support the safety nets, road maintenance or rural electrification funds that are currently financed through taxes, giving government the space to remove the fuel levies and thus ease adjustment costs. On fertilizer, the UK government could agree upon a smaller universal subsidy paid to all fertilizer importers helping Malawi’s agriculture sector to cope with adjustment costs.

Recommendation 6:

47. Finally, to build an agenda that is responsive to the needs of the Malawi government, technical advisory programs should be restructured to respond to country requests rather than a pre-determined agenda.

February 2012
Further written evidence submitted by Mark Miller on the Development Situation in Malawi

1. The second term of the wa Mutharikha regime have highlighted the continued vulnerability of the Malawi economy. Despite the feted ‘development’ that took place in the first term, the chronic foreign exchange shortages have highlighted Malawi’s ongoing chronic dependence on foreign aid.

2. Recent events have given an opportunity to rebuild relationships with the Malawi government; however, the fragility of the Malawian state means that at the some point in the future, relationships are likely to deteriorate again. The UK government should think how could Malawi’s resilience be built over the next 5-10 years so that if foreign aid were to be withdrawn again, the economy would be better placed to deal with lower tobacco prices and a sudden withdrawal of aid.

3. Despite Malawi’s stated development goals under wa Mutharika to become an exporting nation, this was not an agenda that donors engaged with as fully as social development and protection, where impressive progress was made between 2004-2009. Health, education and food security are clearly important, but without the dollars to buy drugs, fuel and fertilizer, progress on the MDGs will quickly go into reverse.

4. The focus of donors with regard to economic policy has typically been on macro-economic stability. The UK’s support for an adviser from the Bank of England on devaluation is in keeping with this. Macroeconomic stability is a necessary condition for development, but it is not on its own sufficient. There is an urgent need to engage more with policies to improve the competitiveness of Malawi’s exports. The UK Government could play a useful role in encouraging high-level buy-in of the National Export Strategy at the Office of President and Cabinet and the Ministry of Finance and Planning to move it from being a ‘trade-paper’ to being at the heart of the development agenda.

5. Economic development in Malawi is not something that a UK Parliamentary Committee will solve, but it is something the UK government urgently needs to be able to provide informed support to the Malawi government. DFID economists are well versed in evaluation of DFID projects, but what is the UK government’s vision for improving Malawi’s woeful economic performance in the last 50 years?

6. The ideas below are not thoroughly researched, but give a flavour of the type of innovative thinking that may be required to address these issues:

   a. Donors and government have known that power generation and distribution is a significant constraint on the economy for a number of years. Aid passed through government has led to a growing government, but not significantly greater public capital investment. A proportion of UK aid may be better routed through infrastructure banks, either multilateral or Malawian to provide capital for these much needed projects.
b. In the agricultural sector, the Input Subsidy Program has been focused on food security: less attention has been given to boosting productivity in the cash crops sector. The UK’s budget support could be utilized to alleviate taxation on diesel to lower the transport costs of all crops.

c. Malawi farmers need to be better protected from fluctuating international market prices if there is to be a shift over time away from tobacco towards a more diversified crop base. Malawi smallholders do respond to prices, but often in such numbers that you have fluctuating over-supply and under-supply of cash crops. Supporting contract farming.

d. Subsidizing irrigation technologies, such as groundwater pumps, may be considered in tandem with agricultural inputs.

e. Malawi’s land-locked status is also widely documented, but its isolation is exacerbated by its poor international flight connections. There has in the past been some interest shown by European airlines of introducing direct flights. While the UK government may not be able to directly influence that decision, it can reopen dialogue with the airlines and support the Malawi government in putting in place a strategy that boosts visitor numbers to a point where such a flight becomes a commercially attractive proposition.

f. As a tourism destination, Malawi and the neighbouring South Luangwa National Park in Zambia have enormous potential. At present, poor lake transportation and Bilharzia deter tourists: international verification of ‘Bilharzia free-zones’, and support of lake infrastructure could improve costs of transporting goods and tourists on the lake.

7. For the Malawi government to lead such an economic transformation will require policy leadership from the Ministry of Finance and Planning. This Ministry has been in a perpetual reform process for the past 20 years with experimentation in a large number of big-ticket initiatives (program based-budgeting, medium term expenditure frameworks, complex econometric modelling) designed to modernize the Ministry. These reforms have been developed despite the fact that senior official still lack basic, timely and accurate management reports on government’s fiscal and economic performance.

8. Renewed support in making the government integrated financial management account system work and increased donor usage of the system with their own resources would be a step forward in terms of monitoring fiscal performance.

9. National statistics have also lost all credibility and need to be rebuilt and independently verified if the economy is to be better understood.
10. More generally, in public financial management reform the UK government should place less focus on the reform process and greater emphasis on the quality of analytical output produced by the Ministry.

11. As a final point, governance reform has in the past often been used to support punishment of previous political enemies, rather than holding existing regimes to account. On a couple of points, the new President has gone outside of the constitution and there hasn’t been any explicit donor criticism of this (though perhaps there is behind closed doors). This includes firing people from key positions (which she doesn’t technically have the power to do) and section 65 (which says MPs can’t change parties without a by-election). Whilst ignoring these rules has led to good outcomes in the short-term, if the UK government donors want checks and balances to constrain bad presidents, they should also encourage them to constrain good presidents.

June 2012
1. Brief Introduction Regarding Myself
My relationship with Malawi goes back more than forty years. I first went to Malawi with my wife in 1970 to teach at Livingstonia Secondary School. I worked at Livingstonia and at Blantyre between 1970 and 1983. Since then I have returned to Malawi on a regular basis. Most recently for twelve months between January 2011 and January 2012 when I worked as Vice Chancellor of the University of Livingstonia – one of a small number of private universities. I am also a Director of the Scotland-Malawi Partnership and have made several trips to Malawi in the last seven years on their behalf.

2. Summary of the Main Points of this Submission
I believe that any examination of new initiatives towards development support for Malawi must first take into account the current political and economic situation in the country. As someone who has just spent a year in Malawi and was an eye-witness to the demonstrations and killings in Mzuzu on 20th July, I therefore begin my submission with a detailed description of those events, since, in my opinion, they indicate both the high level of discontent and frustration among the people of Malawi and the source of many of the development problems in the country. As someone who has been associated with Malawi (and specifically and professionally Malawian education) for the past forty years I then append some ideas on the importance of higher education in the whole development process and specific strategies for supporting it as a means of strengthening the country’s development in general.

3. Factual Information
I begin with a fairly detailed description of the events which occurred in Mzuzu in northern Malawi on 20th July 2011. Similar events took place in both Lilongwe and Blantyre on 20th and 21st July; however, I was one of very few British citizens present in Mzuzu and witnessing what happened there and in addition have been in regular contact with leaders of Civil Society Organisations as well as knowing politicians of several parties, including several government ministers.

4. The reasons for the demonstrations of 20th July have been well-rehearsed elsewhere and will be readily available to the Committee. I need not comment on them here, except to say that in my opinion they were genuine and well-founded grievances. Amongst those that have continued up until today are the severe fuel crisis, regularly rising food prices, shortage of foreign currency, fears over press freedom, and, somewhat surprisingly, continuing resentment (even by ordinary Malawians) at the expulsion of the British High Commissioner Fergus Cochrane-Dyet in April 2011.

5. The general outline of what happened in Mzuzu on Wednesday 20th July 2011 may already be known; but I feel it important to put down here my own experiences of the day as well as other eye-witness accounts (including from some of the leaders of the demonstrations. For obvious reasons I will not identify these individuals). The national
demonstrations took place after representatives of the CSOs had had several unsatisfactory meetings with the President about their grievances. These demonstrations were meant to show the level of public disquiet and to allow the presentation of petitions in each of the main cities of Malawi, for forwarding to the President.

6. On the evening prior to the demonstrations an individual obtained an injunction to stop the demonstrations. It is widely believed that this was done on behalf of, or with the knowledge of the government. On the morning of the demonstrations large groups of people had gathered – many of them unaware of the injunction until after they had assembled. In Mzuzu (as elsewhere) this led to considerable anger. The organisers in Mzuzu explained to the crowd that they must remain at the point of assembly (in a public park) until the situation was clarified. While the leaders of the demonstration were clarifying the situation with police and civic officials in Mzuzu, a few demonstrators broke away and police responded almost immediately with the use of tear gas. However, calm was soon restored and the vast majority of the demonstrators remained peacefully in the park waiting for instructions. At this point a police vehicle arrived and began using tear gas (even though the head of the Police Mobile Force was present with the CSO leaders and the demonstrators. One of these tear gas canisters actually hit the leader of the demonstration who was static in the park waiting for further information. This police action further angered the demonstrators and led both to demonstrators fleeing to escape the gas and the beginnings of running confrontations with police.

7. It was at this point (around 10a.m.) that I began to hear and see what was going on. Mzuzu (though designated a city and the capital of the northern region) is really a small town. Most of the events of the day took place in a very small area around the commercial centre of the town and adjacent to the compound of the Church of Central Africa, Presbyterian (CCAP) where I was living. My first indication that things had got out of hand was the sound of tear gas (and I believe also rubber bullets) being fired from around ten o’clock onwards. While I remained inside the gates of the compound, I left my house to see what was going on. At first it seemed almost like a game. Large groups of mostly young people were running from the police, cutting up small back streets, and confronting the police again from a different angle. At this point I saw no evidence of either of violence or looting on the part of the demonstrators. In my opinion the shooting preceded the looting and not the other way around.

8. Around 12 noon I began to hear the distinctly different sound of gunfire, as opposed to tear gas or baton rounds. By this time some looting had certainly begun. I would have two observations on the looting which took place (and which I totally condemn). The first is that much of it seems to have been opportunistic. I saw several young people (including a boy of around twelve years old in my own back garden) with very limited amounts of soft goods. The second point is that while specific shops seem to have been targeted the looting was not general. I was able to confirm this the next day when I walked through a very quiet and deserted Mzuzu and counted less than a dozen looted shops. Several of these shops were Chinese owned. I have asked several people (including the organiser of the Mzuzu demonstration why Chinese shops were specifically targeted. The Committee may be interested in the answer which linked the
looting of shops to the expulsion of the British High Commissioner in April. Several people told me that people were very angry because the President was seen as abandoning Malawi’s traditional ally Britain and cosying up instead to his new personal friend China. They saw the British relationship as benefiting the country as a whole, but the Chinese relationship as benefiting mainly the President personally, his cronies and his Lomwe tribe.

9. Around three in the afternoon I went to the outside wall of the compound from which I could get a good view of the edge of the main shopping area. From my vantage point I could see police shooting at demonstrators. Although I did not directly see any demonstrators killed I did see police jumping out of their vehicles and opening fire at fleeing demonstrators. At least two were killed within one hundred yards of where I was standing. If we include all types of ‘firing’ – tear gas, baton rounds and live ammunition – I reckon that several hundred rounds were dispatched between 10 a.m. and 5 p.m., including on several occasions automatic fire of six or seven rounds at a time. Sporadic shooting continued until 10 p.m.

10. Altogether nine people were killed in Mzuzu on 20th July. (A tenth died later in hospital). All except one died from gunshot wounds. (The tenth died from asphyxia possibly due to tear gas inhalation). In addition a further eighteen people were treated for gunshot wounds at Mzuzu Central Hospital. I have brief medical reports on all those killed or wounded as well as photographs of all nine victims in the morgue at Mzuzu Central Hospital. I can make these available to the Committee if required.

11. I have described these events in some detail because they are unique in my forty years experience of Malawi. Insofar as one can generalise about a whole nation, the Malawi people are a very peaceful people. Communal violence is virtually unknown in Malawi. The events of 20th July in Mzuzu (and 20th and 21st July in Lilongwe and Blantyre) are indicative of two things: in the first place the extreme anger and frustration of the people at the policies of the government, the intransigence of the President, and the hardships which the first two are perceived to be causing; in the second place the growing unwillingness of people to lose the democratic gains of the last eighteen years. Undoubtedly there may have been a small criminal element involved in the violence, but this was not representative of the demonstrations as a whole.

12. As indicated in the summary at the beginning of this submission I believe that any serious thought about new initiatives in development co-operation with Malawi must take into account the present political situation in the country and the general feeling of alienation of the people against the government of President Bingu wa Mutharika.

Some Comments on the Position of Higher Education in Malawi.

13. For the past twelve months I have been Vice Chancellor of the University of Livingstonia – one of a small but growing number of private universities in Malawi. This second part of my submission is based on the very deep conviction that education in general and higher education in particular, are key to Malawi’s overall development. Recently, Mo Ibrahim, an East African businessman produced his annual continent-wide
report on Africa, looking at a wide variety of indicators such as health, press freedom, transparency, business opportunities, education etc. Somewhat surprisingly (at least to me) Malawi had an overall ranking of 17th, out of fifty-three countries surveyed. However, when it came to education Malawi was ranked 43rd – by far its worst ranking in any of the categories. Whatever we may feel about the accuracy of such research, there can be little doubt that Malawi’s education sector is grossly under-funded. January’s report of the Centre for Social Concern in Lilongwe, in speaking about secondary education had the telling phrase ‘the situation of schools remains pathetic.’

14. There are several reasons for this very pessimistic assessment of the secondary school sector in Malawi (with which I largely agree). The first is that many teachers are unqualified (or inadequately qualified). One example given by the Centre for Social Concern January report concerned a secondary school in Karonga in the extreme north of the country where only one teacher in the entire school was properly qualified. The second reason is that conditions of service are often so bad that many qualified teachers are leaving the profession (often to be replaced by unqualified staff). The third reason for a pessimistic assessment of Malawi education is that at all levels (primary, secondary and tertiary) student numbers often overwhelm the teachers available. In 2009, during an advisory spell at Mzuzu University, I gave a one-off lecture to a first year History class. The small classroom had approximately twenty-five desks and chairs, but there were more than eighty students in the room – many sitting on the floor. This is a mild example compared to the situation in many primary and secondary schools where classes of well over one hundred are fairly common. Of course one key factor in this situation is the long-term under-funding of the whole education sector.

15. Let me, however, concentrate on higher education. Until recently there were only two public universities in the whole of Malawi – the University of Malawi and Mzuzu University. One immediate consequence of this under-provision was that of those secondary school pupils who successfully complete their Malawi Secondary Certificate of Education, only a tiny fraction were allocated places at university. This situation has been further exacerbated by the decision of the government to introduce a quota system whereby access to university is on the basis of quotas for each district in Malawi and not primarily on results or ability. This has meant that many extremely able students in some parts of the country are denied places which are reserved for other districts. In practice, in a country whose population is now approaching fourteen million, only a few thousand places are available at university level.

16. It was partly for this reason that the private university sector developed (though it is still extremely small with only about half a dozen tiny institutions recognised by the government). The University of Livingstonia, where I was Vice Chancellor, was the first of these private universities. However, there are several drawbacks and limitations with the private universities. In the first place they receive absolutely no financial help from the government. This means that they need to charge (for Malawi) very high fees, thus restricting their intake to those who can afford to pay, rather than those who have the ability to benefit from university education. Thus very many very able young people are still denied access to higher education. There is, of course, no quick fix for this situation;
but if the general development of Malawi is to be accelerated then a way must be found to provide more (and more appropriate) tertiary education for the youth of the country.

17. For the purposes of this submission, let me concentrate on teacher training. While I am generally opposed to the ‘trickle down’ philosophy when it comes to reforming a hugely under-resourced and under-trained education sector, I believe that the solution has to start at the top. Unless those leaving university to go into teaching are well-trained (and adequately rewarded) then the problem of Malawi education will never be solved. At present (and in spite of the fact that there are far more qualified students than university places) the general levels of primary and secondary education are abysmal, with pass rates inadequate. This vicious circle can only be reversed if those planning to be teachers are trained in adequate numbers and to a satisfactory standard. Part of this process could well be the up-grading or re-training of existing teachers – though, of course, in the short run this will actually decrease the number of active teachers.

18. And this is where British development aid can well play a significant role. I am, well aware of the fact that education and teacher training are not very exciting sectors for overseas development. Pre- and post-natal medicine, safe motherhood, ecological concerns, forestry, fishing and irrigation (to mention but a few) are both vitally important in themselves, and more attractive both to politicians and voters. However, if a country such as Malawi is to develop in any meaningful sense, then more of its citizens need to be better educated and to be given access to tertiary education. While the British government may be reluctant at the present time, to fund education directly via the Ministry of Education in Malawi, the fact that private universities are struggling to survive, yet, at the same time are accredited by the Ministry of Education, may provide a channel for grant-aided funding of some sort, which could enable them to accept more students (or accept more able but poorer students).

19. A further possible route for higher education funding for development might be to encourage partnerships between British and Malawian universities, especially in the field of joint research. There are already a promising number of such co-operative ventures (some encouraged by the Scotland-Malawi Partnership). There is, however, much more room for development, and especially for helping Malawian universities with infrastructural and technical development. And, of course, such research co-operation could well include many of the more popular aspects of development mentioned in paragraph 18.

20. In whatever way the British Government (and DFID in particular) seeks to carry on its developmental relationship with Malawi, it is vitally important that the field of higher education is not forgotten.

20 February 2012
Written evidence submitted by Pump Aid

Assisting Malawi: Options and Opportunities

1. Introduction.

1.1 The expulsion of the British High Commissioner in April 2011 and the subsequent suspension of aid to Malawi suggest that it is time for a policy rethink, particularly as it is clear that the issues Malawi faces are becoming more acute. Malawi is poor, with a weak economy and showing growing signs of social unrest. Strained political relationships and concerns that money earmarked for aid may be diverted to other priorities make helping the people of Malawi challenging. Traditional routes for aid and assistance may not be robust enough to deal with Malawi’s current challenges.

1.2 Unemployment is high, wages are low and key infrastructure is not present. Malawi’s problems are interlinked but the key ones are a centralised regime, a failing economy and limited internal capacity caused by underinvestment in education and infrastructure. In addition, poor governance and relatively high levels of corruption cause diversion of resources to undeserved and unplanned expenditures. ¹ On the ground this translates into poverty, malnutrition, disease and low life expectancy. Basic medicine, basic sanitation and basic education are all key and absent in many communities, particularly in rural areas.

1.3 Projects should therefore:

- Have an education component, to increase internal capacity;
- Be sustainable - low cost, for a low earning environment;
- Meet the immediate need for basic improvements in health, sanitation and food supply;
- Help Malawi towards self sufficiency.

1.4 Working direct with Governments in Malawi has failed. There is no guarantee that funds given in good faith for aid projects will reach the intended recipients. The alternative is to fund external agencies to work direct with local Malawi communities. The mindset change is to think not in terms of aid to Malawi but assistance to the people of Malawi.

¹ Also poor governance and relatively high levels of corruption causes diversion of resources to undeserving and unplanned expenditures.
1.5 Our recommendation is that in future assistance should be channelled through the key agencies which have established strong, co-operative relationships with local communities and management structures. Pump Aid, for instance, could be funded directly to supply, build and maintain equipment and basic infrastructure alongside local communities. That would mean no direct payments to Government or the possibility of funds being diverted to other priorities.

2. **Background and context**

2.1 Malawi is amongst the world’s poorest countries and 55% of its 13 million inhabitants live below the poverty line. GDP per capita is only $161. 90% of the population live in rural areas, where the problems are at their most acute.

2.2 Most of the population lacks access to safe, basic facilities and as a consequence health is poor, for instance:

- The infant mortality rate is very high at 89 per 1000 live births mainly caused by malaria, diarrheal diseases and acute respiratory infections, with poor water supply and sanitation services\(^2\) as a significant contributory factor.

- The Crude Death Rate\(^3\) is at 10 deaths per 1,000 people\(^4\).

- HIV prevalence in adults is 12%

2.3 There is rising growth of slums and informal settlements without a corresponding increase in access to safe water and improved sanitation. City and Town Councils are not able to provide and maintain essential sanitation services adequately including sewerage and solid waste collection and disposal (National Sanitation Policy, 2008). Rural areas fare even worse as district assemblies lack the human and financial capacities to deliver adequate and sustainable water services to communities.

2.4 Alongside health, education is underdeveloped in Malawi too. 36% of the population are classed as illiterate. And poor education also translates into poor hygiene behaviour. Fewer than 1% of mothers wash hands after going to the toilet, cleaning a baby’s bottom and before feeding a child.

3. **The water and sanitation issues**

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\(^2\) Malawi: Demographic Household Survey (2004)

\(^3\) Crude Death Rate is defined as the number of deaths per year per 1000 people in a given geographic area.

\(^4\) Malawi: Population and Housing Census (2008)
3.1 Of the rural population, only 57% has access to safe, clean drinking water and an even lower percentage (15-30%) has access to an improved latrine. As a result of this poor access, water-related diseases such as cholera and typhoid are prevalent. This is exacerbated by a high proportion of non-functioning water supply facilities and low levels of good hygiene behaviour among rural populations. During 2008/09, 5443 cholera cases were reported with 116 deaths; 24% of children under 5 suffered from diarrhoea and 18% of deaths of children under 5 years old were due to diarrhoeal diseases.\(^5\) 79% of rural boreholes and 49% of gravity fed schemes, or an average 65%, do not function at any one point in time. And urban residents suffer from irregular urban water services.

3.2 Approximately 25% of Malawi’s population is of school going age. But in primary schools only 23% of the 5000 primary schools met the national standard of pupil/latrine ratio; 4% of schools had no latrines; and only 4% offered children hand washing facilities with soap and water (2009).\(^6\)

4. **Sector Policies and Strategies**

4.1 The Malawi administration has policies and strategies in place to address these issues. They include:

- **Malawi Growth and Development Strategy Paper.** Every policy document and strategy plan in Malawi is expected to anchored by this paper whose focus is poverty reduction through targeted investments. Water and sanitation is one of the 6 key priority areas\(^7\).

- **The Decentralisation Policy** Malawi adopted a Decentralisation Policy in 1998 aimed to devolve power to local assemblies in order to promote and facilitate popular participation in governance and service delivery at the lowest level possible. It is also supposed to promote better planning and implementation of sector plans wherein District Water Officers for example are supposed to produce plans with budget estimates in line with the National Water Policy and Strategies. These plans are supported by a district monitoring and evaluation plan to monitor programme implementation and effectiveness.

- **The National Water Policy (2005)** which aims to address all aspects of water from resource management and development to service delivery for productive as well as consumptive use. The policy articulates a new water and sanitation

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\(^6\) *Ibid.*

sector vision of ‘Water and Sanitation for All, Always.’ The Government’s vision for the sector reflects its overarching development objectives of poverty reduction and economic prosperity. It is also aimed at aligning the sector to regional and global trends subsumed under the UN Millennium Development Goals (MDGs) targets and the World Summit on Sustainable Development.

- **National Sanitation Policy**, adopted by the Cabinet in 2008 but never launched, despite a personal interest in sanitation shown by the outgoing president. Key features include guidelines for the development of an investment strategy; linkage with other policies such as the Environmental Policy, the Public Health Policy, and the Decentralisation Policy; outlining and realigning various roles and responsibilities to relevant public institutions; and defining basic and improved sanitation.

- **Joint Sector Review (JSR) and Sector Wide Approach (SWAp)**. There is a commitment to hold annual reviews to co-ordinate different Government agencies (the last was in 2008), with midterm reviews to report on progress made on commitments. The objective of the 2008 water and sanitation sector meeting was to allow for joint planning, review the sector and launch the Malawi Water and Sanitation Sector Wide Approach (SWAp), a programme based approach as a way of managing resources for results. A critical undertaking was the establishment of a Sanitation and Hygiene Department.

Yet despite these policy documents and co-ordinating committees, progress remains slow and health issues continue to be significant.

5. **Problems in delivering support**

5.1 There are a number of reasons why having these policies in place is not in itself enough to properly address Malawi’s problems. Some are due to the disconnected nature of Malawi’s decision making infrastructure. Some are the result of inadequate or imperfectly focused financing. And others, such as the environmental challenge, may be too great for Malawi to deal with alone. The areas of difficulty include:

- **Policy Implementation**: Malawi has in place all requisite policies and strategies for the sector. However, their application in local and national programmes, monitoring their impact and drawing lessons and good practices from experiences is almost non-existent. As a result, project and programme delivery approaches vary between players. Moreover, little or no coordination is carried out in the sector. For instance, the decentralisation process which is supposed to be the main driver of rural development has, for all intents and purposes, stalled. To date, perhaps apart from a few sectors such as education, health and agriculture, operational and fiscal functions are still steered by central government.
• **Sector Financing:** Although the Government of Malawi’s Growth and Development Strategy (MGDS), the principal investment strategy for Malawi, consistently recognises the water and sanitation sector as a priority within priorities, the national budget does not reflect this. Typically, less than 1% of the budget has been allocated to the Ministry of Irrigation and Water Development. However, for the past four years (2008/09 – 2011/12) the allocation increased to 3.0%, 2.2%, 1.6% and 2.4% respectively. The 2011/12 national budget has allocated MK7.3 billion to the irrigation, water and sanitation Ministry for both the recurrent and development expenditure. Out of this, only MK111 million, or 1.5%, is for the maintenance of mainly rural water supply and sanitation facilities. The bulk of the budget is earmarked for capital investments in irrigation and urban water services. Consequently, funding to the water supply and sanitation sub-sector for the majority of the population is insignificant.

• **Sector Monitoring and Evaluation:** Accurate and reliable coverage data for the sector remain elusive. This is aggravated by lack of a well coordinated and widely disseminated national sector performance monitoring and evaluation system. Hence the disparity in coverage figures leads to poor targeting of the needy, ill-informed sector investment programmes and poor coordination of projects among development players.

• **Effectiveness of facilities** A 35% non-functionality rate of water facilities coupled with a high population (about 43% in rural areas) without access to safe water, and over 75% without adequate sanitation services means that the majority of the rural population is not properly covered. Worse still, there remain a significant number of schools without adequate sanitation facilities practicing good hygiene.

• **Sector Capacity** In addition to low annual budgetary allocations to the sector, human resources are also faced with considerable capacity gaps. The pool of qualified people is small. HIV/AIDS have caused a shortage amongst experienced and skilled staff. In 2010, almost 66% of the posts in the Ministry of Irrigation and Water Development were reported to be unfilled, mostly at district and area levels.

• **Environmental Degradation** Overall, Malawi is endowed with abundant water resources in its lakes, rivers and aquifers (DREA, 1994). However, these resources are threatened by accelerated environmental degradation which the

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country should address as a matter of urgency in order to conserve resources from further depletion and degradation. Contributing factors include poor management of catchment areas, environmentally unfriendly agricultural practices, rapid population growth, inappropriate discharge of industrial wastes and weak institutional structures for enforcing relevant policies and laws.

The suspension of aid makes addressing these problems harder than it would otherwise be and risks undermining channels of influence.

6. Conclusions and recommendations

6.1 All the strategies and policy papers are in place to ensure basic infrastructure is in place to meet Malawi’s basic needs and help it population out of poverty. But three things are lacking: investment, education and proper devolution of policy and funding to district governments to deliver basic services. The last local government elections were last held in 2000. To date, no further elections have been held with the result that the central government still controls the delivery of most services in the country. This centralisation of policy has not delivered results. The irony is that it would be cheaper and more effective to help Malawi transform its infrastructure through direct assistance and targeted education programmes, working with local communities themselves.

6.2 Pump Aid (and other agencies) have good relationships with national and local governments – achieved by supporting them to deliver our responsibilities. We believe this relationship, primarily with officials in ministries, will continue irrespective of concerns and issues which affect the relationship between Governments. Most NGOs work closely supporting the capacity of local government services and our experience is that with and through communities at local level we can achieve both programme goals and value for money. The local small scale private sector, although possessing the potential to be skilled and capacitated, and supported to grow to service rural communities, is largely ignored. This local, targeted support delivered by NGOs with funding tied to results should be the core of any future investment strategy.

6.3 Nevertheless, Malawi’s problems are greater than current aid budgets can deal with, irrespective of whether Governments and the IMF can agree on a satisfactory way of doing business there. Unless aid can be increased, therefore, we believe it is imperative to concentrate on the basic essential services (water, sanitation and personal and household hygiene) delivered in an integrated way, on which thriving health, food security and local economic development depend.
7. How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi.

7.1 We believe the most appropriate Government response would be to build and maintain effective dialogue channels with the Malawi Government and to work in partnership with its leaders to establish clear priorities for health, sanitation and education in Malawi and to help translate ideas and strategies into action and results.

Malawi’s economy is uncompetitive, and one key reason is the high valuation of the Kwacha-dollar, which has a devastating effect on exports and which in turn limits the flows of investment in the country. To effectively influence policy in this and other financial areas the UK needs to be in ongoing and supportive dialogue with Malawi.

7.2 Maintaining support is essential. But working with and directly funding Governments and centralised Government agencies has not worked in the past and is unlikely to work in the future. This is because these urban-focused agencies are too remote and centralised to be effective in poor, rural Malawi, and because political priorities may not always meet the development needs and aspirations of the population.

7.3 Maintaining trust is also essential. The expulsion of the British High Commissioner, IMF concerns and the suspension of aid to the country suggest a wariness that might get in the way of effective support. But NGOs working in Malawi have over the years gained a great deal of trust and support with local communities and these strong operational working relationships offer an opportunity to channel aid without directly supporting Governments.

8. The role of DFID in protecting civil liberties including freedom of expression and access to justice

8.1 DFID has a strong leadership role in promoting human rights and should work at the appropriate political level to ensure Malawi’s citizens enjoy the freedoms we believe they should be entitled to. But alongside human rights it is important that Malawi has the health, water, sanitation and education infrastructure to raise living standards and life expectancy and this is a separate stream of work. We believe it is important that aid and support for these basic needs is not compromised by potential difficulties at the political level.

9. The conditions under which the UK should continue to provide development assistance to Malawi
9.1 The Malawi economy is fragile, unemployment has become a pressing issue and development indicators are worsening. In this context suspending or withdrawing aid will exacerbate those problems. Experience in other countries demonstrates that there may be other solutions. We have worked extensively and successfully in Zimbabwe and we know that by working at grass roots with local communities it is possible to deliver assistance whether or not the wider economy and political infrastructure are fragile or difficult to work with. By insisting on political or economic stability as a prerequisite for development assistance we put at risk support to the countries and communities who need our help the most. Political instability, economic problems, poverty and deprivation are almost always linked. We need to find a way of delivering assistance in a way which recognises this. In the case of Malawi that means funding agencies to work on links and projects which directly help communities, and empowering them to forge partnerships and strong working relationships at the appropriate levels.

9.2 So the UK should provide development support under any political circumstances. The criteria should be the needs of the population for help, which in Malawi are clear and demonstrable. If direct budgetary support to the Malawi government is not acceptable we believe, instead, that support should be channelled through agencies which can deliver that help.

February 2012
Written evidence submitted by A Malawi Congress of Trade Unions

1. EXECUTIVE SUMMARY

Malawi has over the past three years experienced continued economic, governance and social challenges which have greatly impacted on its citizens thereby threatening its attainability of all the set goals by 2015 in the Millennium Development goals.

The Challenges have ranged from Chronic Shortage of foreign Exchange, persistent fuel Shortage, Electricity Black-outs and water shortage in some parts of Malawi, Lack of Consultations on formulating new laws and policies like the unpopular flag change, the local elections postponement, illegitimate Salary for the first lady, exorbitant salary for Secretary to the Treasury, Provision of Convoy and near-President treatment to Minister of Foreign affairs (Brother to the President), the awarding of Government Contracts to government sympathizers, irregularities and legality of closure of Malawi Electoral Commission, suppression of Media Freedom under the section 46 amendment, unfair usage of MBC-TV public broadcaster and television to castigate and threaten those with dissenting views, the viability of the now defunct Nsanje In-land Port, Corruption in Public Service, disrespect of Academic Freedom and subsequent closure of University of Malawi and Constituent Colleges (infringement of academic freedom), intimidation threats and violence against Human Rights Defenders, Lack of funding and castigation of Malawi Human Rights Commission and its Leadership, banning of legitimate public mass actions, the delayed and unpaid salaries for civil servants, the abuse of the majority in parliament, deterioration of relations with donor community and neighboring countries, disrespect of court orders by the Executive arm of Government and the shameful corruption scam by top Government and ruling party officials at Malawi Housing Corporation by buying houses at low cost among so many challenges the nation is gripped with.

The above have left Malawian Civil Society organizations including Trade Unions with no options but to exercise their democratic rights to peaceful assembly and demonstrate as a way of showing displeasure and calling for Government to address some of the critical challenges as explained above. A case in point was on 14th February 2011 and 20th July, 2011 where Malawians went on a peaceful demonstration which ended up in arrests of HRD’s and the latter one in loss of property and life at the hands of the Police of 19 Malawians most of them being in their youthful years. These deaths occurred despite the fact that the authorities had given a guarantee for peaceful demonstrations after the organisers followed all procedures only to have the Police turning violent on orders from above and used live ammunitions which injured hundreds and took away 19 lives.
Further actions slated for 17th August and 21st September 2011 had to be postponed or cancelled by CSO’s on reports that the State had hired mercenaries from another country within SADC to deal with Human Rights Defenders and resulted in the CSO’s agreeing to Dialogue with the government team which until 31st December 2011 had only addressed 3 of the 20 issues raised by CSO’s.

The above scenario is a complete indicator of hard times and a bleeding ground for discontent which eventually rise to conflicts and strife. This memorandum is an expression of the Malawi Congress of Trade Unions to the British Government on how it feels the long term cooperation the countries have enjoyed, can be used at this moment to ensure that Malawi gets back on track and addresses poverty, economic and social challenges facing its citizens.

Thus the paper is among other issues, addressing the critical questions raised by the International development committee which includes;

- **How UK can help improve opportunities for economic growth, job creation and meeting MDG targets for Malawi**
- **The Role of DFID in protecting Civil Liberties including freedom of expression and access to justice**
- **The conditions under which the UK should continue to provide development assistance to Malawi**

It is our hope that the committee will find our input useful and worth implementing if the Country is to be bailed from the current woes. We will thus address each of the above themes/areas in detail.

2. **HOW THE UK CAN HELP IMPROVE OPPORTUNITIES FOR ECONOMIC GROWTH, JOB CREATION AND MEETING MDG TARGETS FOR MALAWI.**

It is a fact that Malawi as a Nation has developed reasonable policies and programmes which can see it attain the MDG, however the challenge has been that Politics has taken centre stage in the implementation of these policies and programmes resulting in compromised outcomes. There is serious need to de-politicise the development agenda in Malawi to ensure that the nation creates equal and unequivocal opportunities towards economic growth, job creation among others.

MCTU proposes the following steps which the UK can explore in contributing in this area;

2.1 **Support to Trade Unions, CSO’s and community based organisations to popularize or raise awareness on the development Goals and policies to attain ownership and acceptance on the part of the citizenry**
2.2 Support the Unions and cso’s to build capacity of Communities in monitoring and demanding accountability from their local and national assembly’s on matters of development

2.3 Building institutional and leadership capacities in Unions and cso’s to fight corruption and promote a patriotic culture among nationals for equal distribution of wealth and opportunities

2.4 Initiating accountability programmes beyond the national assembly to offer ordinary citizens to demand explanations or accountability from the state on programmes meant for their benefits i.e. government budget circuits in the communities before parliament sessions

2.5 Enhancing popular participation and consultation for sustainable development. Thus Government Ministries and politicians should be helped to develop a culture of accommodating dissenting views by getting lead-off politics in development programmes

2.6 Enforcing immigration and migration policies that protect indigenous jobs, skills and opportunities as opposed to wholesale/wholesome employment of expatriates in FDI’s who end up doing jobs ordinary Malawians can do.

2.7 Improved support to Ministries of Labour and Trade so as to build solid Labour Market Information systems which will give realistic data to planners for effective strategies to be developed as a solution to these challenges.

2.8 Supporting appropriate departments, Unions, cso’s and other national/international urgencies to ensure that the policies and strategies formulated in support of growth and job creation among others are fully being implemented.

3. THE ROLE OF DFID IN PROTECTING CIVIL LIBERTIES INCLUDING FREEDOM OF EXPRESSION AND ACCESS TO JUSTICE

At a Trade Union level, there has been little or no support whatsoever from the DFID office to the Labour Movement despite the fact that Labour is the engine and force for meaningful growth. As pointed out earlier, Malawians do not know their rights hence the task of demanding and enforcing such rights are only left in a few organs and individuals who continue being targets of the system- those that are weak, have resulted in withdrawing their actions.

In this regard, MCTU strongly believes DFID can go a step further to support progressive labour and Civil Society to guarantee issues of employment, social protection (in a country where a system does not exist) and civil liberties. These can be achieved in the following ways;

3.1 Improved capacity and specialized trainings for judicial staff including direct support to institutions of justice to enable them carry out their work independent of the political elite.
3.2 Among others, the industrial Relations court- which has original jurisdiction over labour Matters and the most used court by those economically deprived, requires support towards its upgrade to the status of a high court so that its decisions should not be challenged by other courts as is the case at the moment.

3.3 Trade union and Civil society trainings in paralegal or legal studies to build their capacity to represent the oppressed will also add the levels of support towards independence and access to justice by nationals.

3.4 Consultations on matters of policy before engaging government will enable cso’s and trade Unions to own the development agenda and be able to raise an alarm when departure from agreed norms is noticed.

3.5 Support to cso’s and Trade Unions on the need for them to exert more pressure for Government to enact the Access to information bill will have an added advantage to civil liberties cause.

3.6 Advocacy support; Trade Unions and cso’s have a history of achieving social reform. Unions can have a significant role in holding governments to account on issues of democracy, good governance and popular participation. Meaningful dialogue with unions through national policy processes (like the Growth and Development strategies) can facilitate policy development and implementation. Trade unions also have a voice in key regional and international policy fora i.e. Southern Africa Development Community and African Union.

3.7 Development Education Support; cso’s and Trade unions have a tradition of helping to organise workers for democratic and developmental purposes. They are respected for promoting and providing education and information programmes for workers and building mutual understanding across a variety of social, cultural, political, organisational and geographical divisions.

3.8 Development Programmes support; Trade unions already undertake a wide range of educational activities with their membership and in the wider community. They also support social and welfare programmes which cover issues such as women’s empowerment, the elimination of child labour and workers’ health. They are engaged in programmes to enhance the life chances of retirees and ‘retrenched’ workers including income-generating activities, micro-finance, transport and provision of clean water. Increasingly this work includes workers in the informal economy. The trade unions’ extensive grassroots networks also provide effective channels for raising awareness about issues such as HIV/AIDs.

4. DFID specific support to trade unions can be in the following (but not limited) areas:

4.1 Consultation on Policy

4.1.1 Invite trade unions (national and international organisations as appropriate) to relevant conference, seminars, receptions and other events.

4.1.2 Consult trade unions in the development and review of Regional and Country Assistance Plans.
4.1.3 Support trade union efforts to contribute to MGDS and other policy processes.
4.1.4 Consult with trade unions when working on measures that will have social or labour market consequences.
4.1.5 Establish a regular meeting between DFID (perhaps jointly with other development agencies) and trade unions.

4.2 Advocacy Campaigns
4.2.1 Produce a short guide to trade union contacts and activities in country.
4.2.2 Utilise trade union structures to help communicate on development education issues or specific issues such as HIV/Aids.
4.2.3 Assist trade union advocacy campaigns in support of poverty reduction.

4.3 Projects
4.3.1 When appropriate, support innovative projects through local mechanisms-small project schemes, Civil Society funds e.t.c
4.3.2 Encourage and facilitate the collaborations of trade unions and civil society organisations
4.3.3 Consult and work with Trade Unions in the health and Teaching sectors when developing and implementing health and education programmes
4.3.4 Seek trade Union input to work on democracy and governance
4.3.5 Support Trade Unions efforts on education of its members and families on matters of health, Hiv and aids as well as Occupation Safety and health
4.3.6 Work alongside Trade Unions, Employers organisations and ILO when seeking to combat Child labour

5. THE CONDITIONS UNDER WHICH THE UK SHOULD CONTINUE TO PROVIDE DEVELOPMENT ASSISTANCE TO MALAWI

It is necessary that UK should continue supporting Malawi government for its continued growth. It is a fact that a failed Malawi today has a reflection on the long-term relations retain and Malawi have as such it will not be in the British Government favor for Malawi to fail even though its after 40 years since colonization.

Mindful of the fact that conditions help in compelling states or support beneficiaries to live within the cooperation agreement of the support, MCTU would like to propose the following measurable, attainable and realistic conditions;

5.1 That the Malawi Government and its leadership will continue to uphold rule of law and respect the republican constitution
5.2 That Malawi Government and its leadership will promote and guarantee the free operation of legitimate Trade Unions, Civil society organisations in accordance with the mandate and rights accorded to them in law
5.3 That the Police will continue its reform programmes and ensure that it is not being used by the state as an organ to terrorise and victimize dissenting views.

5.4 That the Anti Corruption Bureau shall continue moving towards independence from Political leadership to enable it prosecute sitting Ministers or Government officials without fear or favor.

5.5 That the state and political leadership commits to allow other government and national structures to operate free from each others’ interference and that each organ will respect the determination of the other i.e. judiciary vs., executive and parliament among others.

5.6 Equitable and accountable resource utilization and allocation shall be practiced all year round.

5.7 That there shall be no discrimination in whatever form and at whatever level of society be it on the basis of gender, political affiliation, different opinion among other conditions.

5.8 That the state will deliberately engage policies that will entail and ensure popular participation for sustainable development without distinction whatsoever.

6. **CONCLUSION**

MCTU is committed to ensure that it continues to hold government and employers accountable for matters of social and economic reforms towards transformation. It commits to play its role without fear or favor with a view to fight discrimination and promote equal access to opportunities, growth and sustainable strategies for Malawi.

Made this 19th day of February 2012

February 2012
Written evidence submitted by Medic Malawi

The current situation in Malawi: three proposals from Medic Malawi

Medic Malawi is a small NGO which works directly with a community in rural Malawi, funding a Hospital, Nutrition Centre and an orphanage. Our work and contacts give us a direct insight into the problems which currently exist because of the policies of the Malawian government. But we also demonstrate an exceptionally effective and efficient way of channelling resources to those who need it most.

This brief submission focuses on Point One of the outline “how UK can help to improve opportunities for economic growth, job creation and meeting developmental targets”. It highlights three areas, each of which offer a way forward in the current political context:

1) The challenge of a Beacon project
2) The challenge of tertiary education
3) The challenge of increased solar provision

A Beacon project

For ten years since our foundation, Medic Malawi has been investing in the community of Mtunthama, central Malawi. An initially small clinic has grown into a significant rural hospital employing 70 people. Alongside this, there is a Nutrition Centre, recognising the link between malnourishment and disease, and an orphan house for 65 children. The social fabric of the area has also developed, with a government school and small businesses. A new community is emerging, with benefits trickling out through the responsibilities of African family obligations. At the heart of the community are the church and the clergyman, respected by all.

We believe this provides a model for other grassroots projects. Its success has attracted the attention of church and community leaders in Malawi. It is a place which is regularly visited and commended. It provides not only healthcare and nutrition, not only and orphanage and schools, but also jobs and prospects to those who live there. It is moving slowly towards self sufficiency.

With external funding, the beacon community of St Andrew’s Mtunthama can be replicated, directly building other communities through the people in them.

Tertiary education

Medic Malawi encounters many young men and women who have completed secondary schooling, often with UK sponsors, and have qualified for further education or training. The leap in costs is huge – from about £60 per year for schooling to £1000 or more for more advanced courses. What we see in Medic Malawi is no doubt repeated throughout the country. It is a terrible waste of individual talent, and creates a major problem for the future of the country. There are potential doctors unable to proceed, aspiring engineers unable to complete their training – all failing to reach their ambition. The cost of helping more than a very small number of individuals is prohibitive for a charity of our size. However, with a fund to draw upon we could channel, and account for, grants which would reach the pool of wasted talent. It would contribute significantly to long term development.
Solar power

Malawi has a huge natural resource but can’t use it – the sun. The costs of installation of solar equipment, and the need for care and maintenance, are major obstacles. And yet power cuts are constant, and the current fuel crisis means that even running the emergency hospital generator with diesel is a big problem. Our community would benefit economically from the availability of solar energy, and it would also be environmentally very sound. It would even benefit western companies, from whom the initial expertise of supply and installation would come.

But the initial investment is very high, when for instance our hospital staff is faced with the immediate desperate need to offer drugs and food to the impoverished people who come to the door. A channel of funding dedicated to providing solar power for medium size projects (and a commitment to maintaining it) would be an immense long term benefit to the poorest, and to the country as a whole.

Conclusion

This paper argues that there are viable and effective ways of channelling resources through proven NGOs like Medic Malawi which will reach those who need it and stimulate growth, jobs and development. We are in direct contact with communities and individuals. In particular

1) Medic Malawi has a Beacon project and the experience to replicate it;
2) we, in common with many others, know of those who will benefit from educational grants, and
3) for the whole country, the resource of solar energy should be developed.

Stephen Drew
Director

6 February 2012
Appendix one: a note on Medic Malawi.

Appendix

MEDIC MALAWI

Medic Malawi is a registered charity, No 1088126 with a turnover of £120,000. It was founded by Mr Mac Forsyth of Plymouth in 2001 and is now run by Stephen Drew, of Shrewsbury, as a full time volunteer worker. With no UK costs or salaries, everything collected is sent to support projects in Mtunthama, central Malawi. 60% of our resources go for the provision of the hospital – staff costs there, medicines and running costs; about 25% to the orphanage of 65 children, and the remainder to the Feeding centre.

Medic Malawi has previously received some UK government finding for the creation of a Labour ward at the hospital. Virtually all the income however is from private donations.
Written evidence submitted by Tearfund

1. Tearfund welcomes the opportunity to input into this important IDC Inquiry. Tearfund is a Christian relief and development agency working in partnership with local organisations in around 50 countries, often working alongside or through networks of local churches, as well as responding directly in response to significant disasters.

2. Tearfund works in Malawi through 11 partners who are active in a number of key development areas including Disaster Risk Reduction (DRR) and food security; climate change adaptation; water & sanitation; children at risk; and HIV.

3. This short evidence will focus on a number of recent project evaluations which may indicate a way forward for DFID as they think about targeting their support, ensuring value for money, and working through non-state actors to make progress towards the Millennium Development Goals.

Investing in Resilience

4. Malawi is vulnerable to extreme weather events, notably drought and flooding, and it is anticipated that climate change will increase the incidence of erratic weather in the future. More than 18 floods and seven major droughts occurred in the country between 1967 and 2008. The 2002 drought affected 2.83 million people, and is believed to have caused thousands of hunger-related deaths. Malawi’s small-scale agriculture is overwhelmingly rain-fed and the immediate impact of a drought or flood is to reduce agricultural production.

5. Malawi has also experienced widespread environmental degradation due to the combination of rapid population growth, agricultural expansion into marginal lands, accelerated deforestation, lack of alternative livelihoods and knowledge gaps with reference to the optimal management of land and natural resources. Both extreme weather events and environmental degradation contribute to food insecurity with the rural poor and small-scale agricultural households feeling the effects most acutely.

6. Small-scale farmers can get caught in a ‘vicious cycle’ of food insecurity, asset depletion and vulnerability to shocks. Droughts have ongoing impacts via eroding assets and damaging livelihoods. These changes lower people’s resilience to shocks, and affected families often find that they have an even harder time responding to future events.

7. There has been investment in a number of DRR-related initiatives aimed at building community resilience, improving early warning systems for slow onset disasters, and supporting the government to access macro-level weather insurance to mitigate the increased risk of weather variability resulting from climate change. DFID’s efforts include the NGO-DRR consortium programme on community resilience to natural disasters (CHASE-funded), the DFID 2007/08 flood response, contributing to a DRR analysis for the UNDP Bureau for Crisis Prevention and Recovery (BCPR), and analysis of the Lower Shire floods.

8. These projects and analyses have contributed to a better understanding of good practice, and provided a situational analysis of disaster management
programmes and practices. As the NGO-DRR programme on community resilience to natural disasters came to an end in August 2010, DFID Malawi funded the continuation of activities until September 2011, building on previous successes and linking with the ‘Enhanced Community Resilience Programme’ (ECRP), a 5-year national programme to build community resilience, in which four Tearfund partners are currently participating.

9. Tearfund partners were involved in the DRR consortium which was funded by DFID and led by the Evangelical Association of Malawi (EAM). To help address the gap in research demonstrating the effectiveness of investing in prevention, Tearfund conducted a community-based cost benefit analysis of a DRR and food security programme with CCAP (Church of Central Africa Presbyterian) in a Malawian agricultural community. The DFID-funded programme ran over four years in 53 remote villages in Mzimba District and CCAP initiated activities such as:

- Environmental restoration
- Crop diversification
- Development of communal grain banks
- Pass-on scheme providing goats to families
- Development of DRR community action plans

10. Tearfund’s cost benefit analysis, *Investing in Communities*¹, showed that over four years it had a highly positive impact on target communities in terms of household income and assets, education, health and reduced mortality rates. Increased income allowed people to have an adequate diet, reducing their susceptibility to disease and maintaining their capacity to work and learn. Surplus income was used to pay for school fees, milling of grain, petty trade and new assets such as bicycles. There was also a build up of savings and assets for future contingencies.

11. For every £1 invested, the project activities delivered £24 of net benefits to the communities to help them overcome food insecurity while building their resilience to drought and erratic weather. This positive financial return on investment provides a powerful argument for investing in preventative activities in vulnerable small-scale agricultural communities, especially for slow onset disasters like food crises.

12. The DFID country plan for Malawi is yet to be published but Tearfund would like to see DRR and resilience activities integrated into long term development programming. In its response to the Humanitarian Emergency Response Review (HERR), DFID stated that it would, “make resilience work a core part of what DFID does in all country programmes” and cites Malawi in the first tranche of countries where this approach will be implemented.

**Working with faith communities to achieve long-term impact: HIV**

13. DFID has stated that health, including women’s and reproductive health will be core priorities in its revised Country Plan for Malawi, although it is yet to publish the detail. 12% of the working age population in Malawi is HIV-positive and so it will be important for HIV interventions to be integrated into health programming. Tearfund is seeking to respond to this

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challenge by launching a new project in Malawi called IMPACT: Improving Parent and Child Outcomes, aiming to contribute to a reduction in maternal and child mortality of expectant mothers and families at risk.

14. Tearfund has recently received initial findings from an evaluation of the Tearfund/Irish Aid HIV/AIDS programme in Ethiopia and Malawi using KAP survey methodology. The intention has been to isolate the impact that contact with churches in particular has had on achieving positive change across a range of areas including:

- A reduction in stigmatising attitudes
- A willingness to disclose status
- Improvements in knowledge including PPTCT issues and general health knowledge
- Increases in antenatal testing rates

15. This longitudinal evaluation of both adults and young people compares endline data (2011) with baseline data (2008) and has shown the results to be ‘statistically significant’ highlighting the reach of churches and the positive impact that church-based programs have had in Malawi. The reports are currently being finalised but initial analysis shows that of the adult population:

- 97% of endline respondents had heard of HIV activities organised by churches, compared with 63% in the baseline survey;
- there has been an increase in overall knowledge of HIV, from 26% to 46% using a standardised HIV knowledge set recognised by UNAIDS;
- the level of participation in church-based HIV activities has increased threefold from 13% to 45% of respondents;
- there has been an increase in willingness to disclose HIV status to religious leaders, from 55% to 86%;
- testing as part of antenatal care rose, from 53% to 73% in the case of women, and from 35% to 59% in the case of men.

16. There is also evidence to suggest that churches have been particularly effective at combating stigma. Improvements in key knowledge issues were consistently linked to churches (through public information), as was improved comprehensive HIV knowledge, and awareness of ARVs. In particular, abstinence and faithfulness are specific issues that are consistently linked to churches. The church also appears to have been effective in raising awareness of condoms. Not only do church members and leaders appear to be raising awareness of the potential for condoms to reduce the risk of infection, but use of condoms is linked to information made available by churches. There has clearly been a wider campaign to raise awareness of condoms, as the striking increase from 51% to 70% of respondents who felt they were safe was also linked to exposure to broadcast media and health professionals. It is clear that churches have also promoted gender rights throughout their work, as improved attitudes regarding sexual rights and domestic violence are also linked to contact with churches.

17. The full evaluations will be available soon but we hope that as DFID considers how to best work with non-state actors and civil society in
Malawi, it will consider the impact that churches and their networks could have given their influence and reach.

28 February 2012
1. Tearfund welcomes the opportunity to offer supplementary evidence into this important IDC Inquiry. Tearfund is a Christian relief and development agency working in partnership with local organisations in around 50 countries, often working alongside or through networks of local churches, as well as responding directly in response to significant disasters.

2. Tearfund works in Malawi through 11 partners who are active in a number of key development areas including Disaster Risk Reduction (DRR) and food security; climate change adaptation; water & sanitation; children at risk; and HIV.

3. This short supplement will focus on the changed political situation, and how progress towards economic growth could be supported.

How the UK can best help to improve opportunities for economic growth, job creation and meeting the MDG targets in Malawi

4. Tearfund welcomes DFID’s desire to harness the power of the private sector to increase employment, economic growth and development. We recommend that DFID supports private sector initiatives which are pro-poor, but also enhance the quality of products and therefore ensure that they have a place in local and international markets. For example, Irish Aid has worked with Ilovo sugar company to fortify sugar with vitamin A. In the short term, this resulted in an increase in production requirements which created jobs. In the medium term, the quality of life of poorer consumers was improved due to the increased micronutrients provided by the product. In the longer term, it is hoped that a new demand for the sugar will be created outside of Malawi, boosting exports and consequently economic growth.

5. Tearfund believes the private sector is key for providing the economic growth which is essential for economic and physical poverty reduction. However, DFID should ensure that private sector initiatives it supports are pro-poor and environmentally sustainable.

6. DFID should also support the government of Malawi as they develop their regulatory framework for priority private sector areas. It is important that legislation enables the private sector to flourish, but also ensures that the benefits of growth accrue to all in society, especially the most marginalised groups.

How DFID should respond to the changed political situation

7. Tearfund suggests that DFID should continue and increase its focus on good governance in Malawi. The changed presidency has produced a conducive environment to create and rebuild awareness of constitutional rights amongst the people. It has also given the opportunity for these rights to be articulated in order to hold leaders of all levels to account. We must remember that the previous President also began well, but subsequently began to focus on consolidating his power rather than helping lift his people out of poverty.

8. Accordingly, Tearfund urges DFID to ensure that it continues to support civil society organisations in Malawi, even once budget support has been
reinstated. The new President gave a speech on May 17th to set out her priorities for the country. In it, she explicitly noted the steps the government had taken to reinstate relations with the United Kingdom and secure ongoing support. This highlights the influence DFID has in Malawi, and this influence should be used in support of the moves towards good governance outlined by the President.

9. President Banda announced – amongst other measures - a repealing of oppressive laws, promotion of media freedom, an anti-corruption drive and better governance of NGOs. She also highlighted her vision of a Malawi which does not have to rely on donor support. These are all goals shared by DFID, and one of the best ways DFID can support these is by strengthening civil society to hold the new government to account – now and in the future.

24 May 2012
Written evidence submitted by the David James Foundation (DJF)

“It is hard to enter education to train as a teacher, a doctor or an engineer if you do not have enough to eat” – David James 2005

Background

1. In 2004 David James, professional footballer and ex-England goalkeeper visited Malawi as part of a Football Association group (including Rio Ferdinand and Gary Neville). David was very moved by the conditions he saw there and, believing he could make a difference formed the David James Foundation in 2005. The DJF is a UK registered charity, and a UK company limited by guarantee. DJF is also registered in Malawi with Malawian Trustees. The UK based trustees are David himself and Steve Astbury FCMA, Nick Rew is the DJF farming advisor, he is a farmer based in South Devon, and he was present in Blantyre during the riots.

Aims

2. The aim of DJF is to promote farming self-sufficiency in Malawi; this is done primarily by education and the development and demonstration of locally applicable techniques and arranging a ‘safety net’ of support to enable those techniques to be applied.

What we do not do

3. DJF does not ‘throw money’ at a problem. Too often charities and governments purchase food, services and items of equipment and donate them to local people, improving their lives for a short period. When the charity departs or the funding ceases the recipients are left little better off than before, indeed, they may well have increased their reliance on machinery that is no longer serviceable and parts are frequently unavailable.

What we do

4. DJF aims to provide sustainable solutions to local problems using locally available resources and by enabling local people to solve local problems. Funding is arranged in the UK and transferred to the DFJ bank account in Malawi, from where it is accesses by DJF staff in Blantyre. At no point is there, or has there been any Govt. (UK or Malawi) or QUANGO involvement; in addition, in all the time DJF has spent working at ‘ground level’ there has never been any evidence of UK Government assistance observed.

How we do it

5. DJF has entered a long term (five years) agreement with The Samaritan Trust (TST) in Blantyre. TST is primarily an organisation whose purpose is to care for and educate orphans (usually whose parents have died of AIDS) of both sexes; part of this process obviously involves their feeding.

6. TST own a substantial parcel of land (8 acres) alongside their school and dormitory facilities on the outskirts of Blantyre. The agreement gives DJF exclusive use of this land, which DJF uses as a Research centre, affordable seed production, education and demonstrations of agricultural techniques. DJF in return use the land to provide TST with an agreed amount of maize each year and to use the rest of the land to produce a range of crops for sale (some of which goes to TST at predetermined
prices). Any surplus over the cost is invested in further yield-increasing sustainable projects on the site. A key link in the process is the education of those orphans deemed suitable in sustainable agricultural techniques with the practical work taking place on the land cultivate by DJF. In the first year of the agreement, using locally developed sustainable techniques, the maize yield increased from 78 bags to 210 bags.

**Land Ownership**

7. Rural Malawi is still clustered around villages, with the village Headman in control of the village on a semi-feudal basis. Most of the land is still divided into small plots of 1 or 2 acres owned by individuals with the Headman as the final arbiter on land ownership; few of these issues are documented. Although many of the orphans spend a considerable time away from their original family village they still stand to inherit and occupy their family land when they leave TST. They can thus return to their village with a degree of education both in the usual subjects (from TST) and in basic agricultural techniques (from DJF).

**Geography of Blantyre**

8. The orphans come to Blantyre from as far as over one hundred kilometres. This means that the conditions (soil, climate etc.) that they are to return to will vary enormously and so must the crops and the techniques that they employ. Examples of the different condition faced are included below:

9. **Friday Namaona** is from a village called Misomali in the Chiradzulu district. His land is very sandy with poor residual fertility and is in an area with unreliable rain fall. It is essential that he develops a mixed cropping program, using a variety of deep rooted crops.

10. **Biziwiki Dyson**, on the other hand, from Miava in Mulanje, has two pieces of land. One piece near the house, but the other piece near a river which can be flooded and become waterlogged, can be relied upon to grow a very good crop of Cassava year in year out.

11. **Mphatso Paulo**, from Jamali in Blantyre, has 3.5 acres of land of which 2 acres are too rocky to grow crops. These 2 acres need to be used to grow fruit trees, which will provide a reliable supplement to the crops he grows in a difficult area.

12. **Agnes Kabuthu**, from Ngusiche in Chiradzulu, looks after her sick Grandmother and has limited time to cultivate her land. She therefore needs a low input system of farming and is adopting some permaculture techniques.

13. **Emmanuel Antonio**, from Dalawesi in Mulanje, has land near to open grassland near a riverbed, which is often grazed by cattle. This provides an abundant supply of manure and dry grass for him to compost and fertilise his land with.

14. **Innocent Gabriel**, from Nyalugwe in Chiradzulu, was the first student on our program and has been on it for three years. The techniques that he has employed have improved the fertility of the land to the extent that he is now growing more food than he and his family require. He is now looking to produce a larger variety of crops for a more varied diet and also to produce crops for sale.

**Education**

15. As a result of the decimation of the adult population by Aids, little or no information is passed from parent and there is a need for Agriculture to be taught in Schools. In addition to the usual classroom topics, selected students are taught a range of
DJF Mentoring

16. Once a child leaves the care of TST and returns to their family village DJF continues support; the student is provided with sufficient appropriate seed maize to begin cultivation. The student will be mentored by a local DJF farming advisor who will continue to advise and provide support. This support may take the form of limited fertilizers, replacement seed in the event of catastrophe, negotiation with the Headman – whatever is appropriate to the individual circumstances.

Work with HEED

17. In addition to the work around Blantyre, DJF is working with an organisation based near Lake Malawi (125 miles north of Blantyre) called HEED. HEED were established as a supposed self-sufficient agro- and aquaculture unit using multinational funding; fraud and other problems have left HEED on the brink of closure. DJF have identified that their base near Monkey Bay offers the potential to replicate the model that is successful at TST. There are differences to TST that make the prospect exciting however this project will stretch the financial and management resources of DJF.

18. There is the opportunity to install a maize mill (potentially solar powered) at HEED, this mill will provide a much needed mechanical facility to replace activity that is currently done by hand; the time saved will be used to cultivate land. The mill will generate revenue for HEED as well as providing a by-product of maize husk which will be fed to poultry; the eggs from the chickens will be sold. The chicken droppings can be fed to fish farmed in the existing tanks at HEED and the residue from the fish tanks used as fertilizer for the agricultural areas.

Stoves Project

19. The area around Monkey Bay (HEED above) has been identified by CO2 Balance working in conjunction with DJF, as an area suitable for Energy Efficient Stoves. These stoves are built for families in villages throughout the area. The stoves require 50% less firewood to cook with, and therefore reduce carbon emissions by 50% compared to traditional “open fires”. As a result each energy efficient stove saves over 3 tonnes of carbon dioxide every year.

20. This project has clear social, health and economic benefits to the local families as it creates cheaper, easier and more hygienic method of cooking. Again time freed up from collecting wood can be used for small scale agriculture. This project is currently in the large-scale survey mode prior to full roll out.

DJF Continued Development

21. The key to long term success is education. There is a clear need to educate teachers/instructors to continue to build on the progress made. DJF believe that the model developed by DJF and outlined above is replicable not only throughout Malawi but also in many other countries in sub-Saharan Africa. DJF will be working with Bicton College to refine and improve the Agricultural course we are teaching in Malawi and with the help of their charity BOAT, to bring over to the UK our Lecturers and teach them to teach.
Conclusion

22. DJF has succeeded because it has bypassed the traditional government funding mechanisms and has delivered benefit right at (literally) ground level by enabling local people to solve their own individual problems. DJF would welcome the opportunity for further discussion to explore how the replication of the model could be accelerated in Malawi and promulgated elsewhere.

The Riots (Nick Rew’s observations)

When people talk about riots they usually think of things happening spontaneously. This was far from the case in Malawi. The protests were planned, openly organised and reported in the newspapers well in advance. Counter demonstrations were planned in support of the Government to be held on the same day and then cancelled. Within 24 hours before the demonstrations, several of the organisers and speakers were arrested, so when the crowds gathered they had little focus or direction. If either the counter demonstrations had taken place or a large crowd was to be left leaderless, then civil unrest, or riots, seemed the most likely result. As we knew where and when the riots were likely to occur the day before we headed for the Lake and followed events on the International news. The day following the riots life went back to normal. In Mangochi there were not many people on the roads or streets, but everyone seemed to be back to work and all shops and offices seemed to be open.

DJF Agricultural Program

Training.

The David James Foundation runs a two year course in agriculture for all the orphans who enter the Samaritan Trust. It is a practical course which is 50% in the class and 50% in the field. It covers all areas of agriculture including

1) The Soil
   Soil conservation and management
   Soil cultivations
   Fertilizers and manures (including composts and the use of green manures and legumes)
   Planting trees to reduce erosion, to protect the soil from the sun and as a source of nutrients.

2) Crop Production
   Basic crop physiology.
   The range of crops and their individual requirements for planting ( spacings and depth), weeding and nutritional requirements.
   Mixed cropping and inter row planting

3) Pests and Diseases

4) Irrigation and Water Management
Reintegration

Before the students can enter the Food Security Program our staff will visit the village to assess that the student and his/her immediate family have secure tenure of his/her land and that another family member will not lay claim to it. Confirmation of this by the village Headman is usually sufficient and with this reassurance the student can be offered a place on the Program. During this visit an initial assessment is made of the size, site, soil, area and any other factors that may affect crop production is made, along with the number of family members that the land will need to feed and their ability to undertake physical work.

If the student chooses to join the program a report and three year program is drawn up, which usually involves further visits to the land to ensure that the program is tailor made for each student. Food aid can be given if required until the first harvest, but there after there should be sufficient food for the whole family. A small amount of artificial fertilizer may also be given in the first year as soil fertility may be very poor, but soil fertility building should mean subsequent crops do not require any.

The Report and Program are as follows:
1. Name, address, district.
2. Family history.
3. Personal history, career and education requirements - not everyone wants to be a farmer :(.
4. Details of the land - size, soil type etc...
5. The family's total food requirement
   a. The amount needed to harvest to feed the family for a year
   b. The total required - the amount harvested in the previous year = the amount we need to provide until first harvest

6. The Three Year Program
   The land may be divided into smaller plots. Each plot will have its own three year rotation that will usually include crop rotations and periods of fertility building. The plan must estimate the expected yield from each crop and the total of these yields must exceed the family's total requirement, preferably with a comfortable margin for a crop failure.

   **Year One**
   Our staff will oversee the introduction of the new techniques for composting, cultivating and growing of the crops. All the work is to be undertaken by the student and their families, but the DJF provides constant technical back up.

   The DJF will provide a small amount of fertilizer, the food the family needs to survive to the first harvest and some seed produced at the centre for crops and improving soil fertility. During the harvest the DJF will record the yields from each crop and this can be compared to the expected yield within the plan.

   **Year Two**
   The cropping plan will be continued as per the "Three year plan" as long as the target yields have been achieved, if they have not then our staff will need to do a fresh assessment. If the problem is the crops and techniques recommended in the plan, then a new plan must be drawn up utilising the lessons learnt and the family given continued support as required. If however crop failure is the result of neglect by family (i.e. failure to weed crop), then the student will be removed from the program.

   If the target yields are harvested the DJF will continue to provide the seed that we produce at the centre and technical support (but at a reduced level as the new systems should be in place), but no further food or artificial fertilizer.

   **Year Three**
   The students should be largely independent and follow up visits should be used for open days to demonstrate the techniques to their neighbours and informing the students of recent research. Students wishing to stay within agriculture will be encouraged to open their own nurseries and develop their range of crops for themselves and a surplus for sale

1 March 2012
Introduction

1. This memorandum focuses on the Development Situation In Malawi in response to the International Development Committee (IDC) inquiry. It supplements the oral evidence to be given by DFID’s Parliamentary Under Secretary of State, Mr Stephen O’Brien MP, scheduled for May 2012. The Memorandum addresses:

- How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets for Malawi;
- The role of DFID in protecting civil liberties including freedom of expression and access to justice;
- The conditions under which the UK should continue to provide development assistance to Malawi.

2. Ministers plan to provide £373 million to Malawi for the period 2011-2015 to achieve identified development results, working through a mix of programmes with Government, other donors, non-governmental organisations and civil society. Detail on these programmes and the results we expect them to achieve is set out below.

How the UK can best help to improve opportunities for economic growth, job creation and meeting the millennium development goals targets in Malawi
Context

3. Malawi faces both short term and long term challenges for growth and job creation. In the short term a return to macroeconomic stability is key. Malawi had enjoyed a steady improvement in macroeconomic stability after 2004, with inflation steadily declining and improved fiscal discipline. This stability underpinned strong economic growth and poverty reduction. Since 2011 this success has been threatened by a large trade deficit and a fixed and increasingly overvalued exchange rate – the parallel market rate is around 50% higher than the official rate and climbing – leading to shortages of foreign exchange, fuel and other vital imports. Adjusting the rate to reflect market fundamentals will be a necessary step to revive high levels of growth.

4. Malawi also faces a number of longer-term barriers to growth. The economy is highly dependent on agriculture, which remains the main source of growth, exports and employment. With 85% of the population residing in the rural areas, agriculture accounts for 80% of both the country’s employment and commodity exports. In areas where production has been good, poor roads have often prevented the marketing of surpluses.

5. The 2009 Country Economic Memorandum for Malawi funded by donors including DFID contained a growth diagnostic study that identified the key constraints to growth in Malawi as the exchange rate, access to finance, power, and agricultural value chains. Education and the business environment were second tier constraints.

UK Response

6. DFID’s wealth creation programme in Malawi has been designed to address these constraints. Together with the IMF and other donors in Malawi we have encouraged the Government of Malawi to devalue and change the exchange rate regime so that it reflects market fundamentals. We are also implementing a range of programmes to address some of these constraints. We are not proposing to work in all of the sectors identified in the growth
diagnostic, given the division of labour between the donors. For example the World Bank and the US Millennium Challenge Corporation (MCC) are planning large programmes in the power sector, so we are only planning a single intervention in that sector. Our programmes in health, education, and governance will have more indirect positive impacts on growth. Our planned and existing wealth creation programmes are set out below.

7. **Financial Sector Deepening Malawi (FSDM):** We are working with the World Bank and USAID to design an entity similar to the Financial Sector Deepening Trusts already operating successfully in Kenya, Rwanda, and elsewhere. FSDM’s aim will be to increase access to financial services for poor people.

8. **Malawi Unpaved Rural Roads Programme:** We are working with the World Bank to design a programme to improve the condition and maintenance of rural feeder roads to ensure accessibility throughout the year. This programme will aim to reduce the cost of transporting agriculture produce to markets, raise the incomes of rural farmers, and facilitate agricultural diversification.

9. **Malawi Energy Efficient Lighting Programme:** This programme is replacing incandescent light bulbs with two million low energy light bulbs, reducing peak time demand by up to 20% at a total cost of around £3 million.

10. **Malawi Agriculture Programme:** This programme will: provide 350,000 vulnerable farmers a year with high yielding maize and legume seeds; improve value for money in the Government of Malawi’s Farm Input Subsidy Programme; increase incomes for 7,000 existing dairy farmers and enable 2,000 smallholder farmers (including 1,000 women) to move into dairy farming; and support 90,000 farmers (including 31,000 women) to increase yields and improve soil quality through conservation farming. The UK will provide up to £35 million over 4 ½ years.
11. **Malawi is on track to reach five of the eight Millennium Development Goals.** The three remaining goals are on (1) maternal health, (2) universal primary education and (3) gender equality and women’s empowerment. To assist in addressing these challenges, DFID has the following planned and existing interventions:

12. **Direct assets for girls and women:** The UK’s aid programme in Malawi (including those programmes mentioned above) is expected to: help 140,000 women develop strategies to improve their livelihoods; provide subsidised seeds to 420,000 female-headed households; establish 1,000 new female dairy farmers by 2016; help 27,000 female farmers to increase yields by adopting conservation agriculture; and increase incomes for 1650 women through a Business Innovation Facility.

13. **Better health for women and choice on whether and when they have babies:** Expected results include: 1.27 million fewer pregnancies through DFID’s family planning programmes; 50% of women using contraception; 4,460 fewer maternal deaths; 145,000 deliveries by a skilled health worker; and 76% of pregnant women and children under five years sleeping under treated mosquito nets through DFID support.

14. **Getting girls through secondary school:** The programme is expected to: provide 8,000 girls with DFID bursaries to help them stay in secondary school; fund 213,500 girls in primary schools; support 2,000 mothers’ groups working across Malawi to support girls in school; train 1,000 new teachers (including 380 women teachers, as important role models); and build 4,200 new toilets and latrines in schools, which are particularly important to encourage girls to stay in school once they reach puberty.

15. **Preventing violence against girls and women:** This will ensure: better access to local justice for an extra 4.5 million women and girls; female judges in 99% of traditional courts; and over 100,000 women getting more choice over their lives and able to hold decision-makers to account. 30,000 women will be helped to raise issues of concern with formal representatives
like their MP, and safe spaces, support and counselling will be available for adolescent girls. Results expected by the end of the period include a 10% reduction in violence against women and girls and no children being kept in prisons.

The role of DFID in protecting civil liberties including freedom of expression and access to justice

Context

16. The return to multi-party politics in 1994 saw positive changes in political governance, human rights, and access to justice in Malawi. After a period of economic and political instability at the end of President Muluzi’s second term (1999-2004), the election of President Bingu wa Mutharika was seen as a positive break from the past and is associated with a return to stability and a period of good economic growth.

17. However, progress since then has not been straightforward. Following President Mutharika’s election to a second term in 2009 there has been a deterioration in human rights and governance. The current economic crisis has led to rising food prices and scarcity of fuel, drugs and foreign exchange. Restrictions on freedoms, a centralisation of power and a negative Government response to criticism from civil society and other actors have further fuelled increasing levels of public discontent. This public dissatisfaction over political and economic governance came to a head during civil society-organised public demonstrations on 20 and 21 July 2011 which turned violent and led to looting with 20 people killed as a result of the use of live bullets and teargas by police.

18. Recent changes in legislation have the potential to be used to restrict civil liberties. These changes have given the President the power to set the date of local elections; allowed police to search houses without warrant; given the Minister of Information powers to shut down independent media; banned ex-parte injunctions against the Government; and further criminalised
homosexuality. Other rights have seen de-facto erosion as demonstrations have been banned, local elections cancelled, people arrested on charges of insulting the President, sedition and treason, and academics, human rights activists, opposition politicians and journalists have been harassed, attacked and driven from their homes. Malawi has fallen 67 places in one year to 146th in the Reporters without Border Press Freedom Index\textsuperscript{iii}.

19. Under international and domestic pressure the Government entered a UN-facilitated dialogue with civil society groups to discuss action on political governance concerns. Some progress has been achieved. Many of the recent legislative changes have been sent back to the Law Commission for review, although they do remain active in the meantime. However, there are continued reports of harassment of journalists and human rights activists, with some facing prosecution, the threat of violence and others in hiding outside the country.

20. There are significant barriers to accessing formal justice in Malawi, including cost, distance to courts, the language of the courts (English), and the scarcity of judges and lawyers. State legal aid provision amounts to about US 1.5 cents per person\textsuperscript{1}, so few of those charged with criminal offences are represented in court. Malawian prisons are overcrowded. Almost a quarter of prisoners are awaiting trial, often for long periods of time and in very poor conditions, leading to severe negative socio-economic and health impacts\textsuperscript{2}.

21. The majority of Malawians, including almost all of the rural poor, avoid the formal system entirely. Only 8% of the population have used the formal justice system in the last five years, compared with 84% who have used the informal system, accessing family counsellors, village heads and traditional authorities to resolve disputes relating to marriage or family matters, land, property, domestic violence or assault.

\textsuperscript{1} Access to Legal Aid in Criminal Justice Systems in Africa, Survey Report, Paralegal Services Advisory Institute, Malawi, February 2010, p.5
\textsuperscript{2} OSJI. The Socio-economic Impact of Pre-trial Detention, 2011
22. There are Government initiatives to address some of these issues including the new Legal Aid Act (2010), which provides for a Legal Aid Bureau and Fund. The Ministry of Justice and Constitutional Affairs is developing a sector strategy, which will identify strategic priorities and coordinate reform efforts.

UK response

23. The UK response to the deteriorating political governance situation has been coordinated across HMG. Diplomatic and political interventions have been crucial to focusing the attention of the wider international community on the situation in Malawi and making our concerns clear. The British High Commission (BHC) and DFID have both strongly condemned repressive action by the Government, both publicly and in bilateral discussions. The Foreign Secretary, DFID’s Parliamentary Under-Secretary of State and FCO’s Parliamentary Under-Secretary of State (Minister Bellingham) met with Malawian Ministers in London in October 2011 for a detailed discussion of the UK’s concerns. The Secretary of State for International Development met President Mutharika at the African Union Summit in Addis Ababa, Ethiopia, on 29 January 2012. The Secretary of State and the President had a frank discussion on human rights, economic management, and the expulsion of the UK’s previous High Commissioner. During the 20th July 2011 demonstrations we publicly condemned the police’s use of live ammunition. Following the firebombing of a number of human rights activists’ homes and offices we also made a public call for protection and speedy access to justice for human rights defenders who had been victims of violence. BHC and DFID continue to push for non-discrimination of people based on their sexuality or gender, and to ask Malawi to live up to the human rights commitments specified in international instruments to which it is a party, and in their own constitution. We maintain a wide network of contacts in civil society and the media, including with those who have been victims of harassment and violence as a result of their work. DFID has also reacted with practical support, for example funding security training for civil society organisations.
24. There are **four partnership principles** upon which financial aid to the Government of Malawi is based:

1) Poverty Reduction and the Millennium Development Goals
2) Respecting human rights and other international obligations
3) Improving public financial management, promoting good governance and transparency and fighting corruption
4) Strengthening domestic accountability.

25. The deterioration of the last three of these partnership principles (and concern over economic management and its impact on the first) has led to the Secretary of State ending General Budget Support to Malawi on 11 July 2011.

26. DFID has specific programming to address the deterioration in governance and to protect civil liberties. The **Building Empowerment and Accountability in Malawi (BEAM)** programme focuses on supporting projects to strengthen Government accountability. BEAM’s core component is a multi-donor fund to support civil society projects on governance issues, called Tilitonse - meaning “we are together” in Chichewa.

27. Tilitonse funds projects to strengthen community voice and initiatives to hold the Government to account for delivering services and protecting rights. Evidence from elsewhere\textsuperscript{iv} shows that strengthening people’s ability to voice demands and hold Government to account, and linking them with other groups who share their aims, will create an increasingly responsive Government. The approach is one of collaboration not confrontation, working with civil society, the media, private sector, Government and others wherever possible to achieve positive results. These results will include the improvement of services and the protection of democratic space and civil liberties, including freedom of expression.

28. DFID has supported the justice sector in Malawi since the mid 1990s. In the absence of agreed strategic priorities for the sector, we have agreed a division of labour with the European Union, which has a programme aimed at
strengthening key elements of the formal justice system. DFID’s focus is on assisting Government and non-state actors to improve the parts of the system which are of greatest importance to poor people. Our new **Justice for Vulnerable Groups programme** therefore aims to reduce violence against women and children; increase women’s access to fair and unbiased justice from the traditional justice system; end imprisonment of children; and reduce the exposure of Malawians to pre-trial detention. DFID has also offered support to the Government in reviewing the laws recently returned to the Law Commission.

**The conditions under which the UK should continue to provide development assistance to Malawi**

29. Malawi continues on a trajectory of economic decline. Without economic reforms, including devaluation and relaxing exchange controls, the economy is unlikely to start what will anyway be a painful recovery. In the face of increasing hardship, and the absence of general budget support, the UK has already provided significant additional support this year (fertiliser, emergency drugs and emergency feeding), thereby keeping our commitment to the Malawian people.

30. There appear to be two main possible scenarios for Malawi: 1) changes to economic policy, including reforms to the management of foreign exchange and the budget, which help it to get back on track with the IMF; or 2) the Government continues on its current path and there is no significant improvement in the economic or governance situation.

31. Whichever scenario Malawi follows, additional support to cushion any impact on the poor will be needed. Over the past six months Ministers have chosen to reprogramme funds that could have been used for budget support to other programmes to protect the poor. The ongoing shortage of forex has resulted in severe shortages of fuel, fertiliser and drugs, which are having a major impact on all Malawians. Ministers agreed to provide £19.5 million to buy seeds and fertiliser for the Government’s Farm Input Subsidy Programme
(FISP) and £10.2 million to buy emergency drugs for the next 18 months. Ministers agreed to increase the emergency drugs programme by £3.5 million to expand our support to major hospitals around the country.

32. This additional support from the UK (together with Ireland and Norway on fertiliser, and Norway and Germany on drugs) has been largely well received locally and the majority of opinion is positive that we are keeping our pledge to support the poor people of Malawi. There are however some voices that suggest any support to Malawi at this time – whether through Government system or not – is seen as supporting the Government.

33. We are scaling up on the governance side, particularly around accountability and empowerment, and considering how we can best support the tripartite elections, due in 2014. We are also looking to do more on building resilience (agriculture and livelihoods) and have a small, but expanding, private sector portfolio. Our support to health and education continues through the sector wide approaches both through the government’s systems and also increasingly with other partners, for example scaling up family planning services and increasing our support to schools through UNICEF. Whichever scenario Malawi follows over the next few years, we are planning for increased social protection programmes.

Department for International Development
16 February 2012

ii The cost of a basic needs rose by almost 30% over the course of 2011 (see Centre for Social Concern, Basic Needs Basket January 2012)
iv See for example IDS Citizenship Research Centre, Putting Citizens at the centre: linking state and societies for responsive governance, 2010
## DFID PROGRAMMES IN MALAWI, STATUS, COSTING & PERIOD OF OPERATION

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>PROGRAMME NAME AND DESCRIPTION</th>
<th>COST</th>
<th>PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Justice for Vulnerable Groups (JVG); Status: On Going Support to child protection, reducing violence against women and girls, supporting fairer traditional justice and reducing exposure to pre-trial detention</td>
<td>£16m</td>
<td>2011-2016</td>
</tr>
<tr>
<td></td>
<td>Building Empowerment and Accountability in Malawi (BEAM); Status: On Going Combating corruption; improving public financial management; supporting citizens and communities to hold government to account</td>
<td>£19m</td>
<td>2009-2018</td>
</tr>
<tr>
<td></td>
<td>Improved Electoral Environment Programme Status: In Design Likely to include multi-party support to strengthen political parties, initiatives to combat political violence and supporting capacity of the electoral commission to deliver elections, and ability of civil society and media to monitor</td>
<td>£6.5m</td>
<td>2012-2015</td>
</tr>
<tr>
<td>Growth</td>
<td>Energy Efficient Light Bulbs; Status: On Going Replacing 2 million light bulbs with low-energy light bulbs – saving up to 20% of peak time demand.</td>
<td>£3m</td>
<td>2012-2013</td>
</tr>
<tr>
<td></td>
<td>Rural Roads Status: In Design Working with the World Bank to design a programme to upgrade and maintain existing dirt roads in rural areas with high agricultural potential.</td>
<td>In Design</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Private Sector Development Status: In Design Likely to combine direct support to firms and value chains with capacity building for Government</td>
<td>In Design</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to Finance Status: In Design Currently working with USAID and the World Bank to set up a Malawi Financial Sector Deepening Trust to increase access to financial services</td>
<td>In Design</td>
<td></td>
</tr>
<tr>
<td>Resilience</td>
<td>Enhancing Community Resilience Programme (ECRP) Status: On Going A joint donor programme between the UK, Norway and Irish Aid, for £16 million over 2011-2016. The programme seeks to increase the resilience of vulnerable communities to climate variability and change.</td>
<td>£16m</td>
<td>2011-2016</td>
</tr>
<tr>
<td></td>
<td>Water, Sanitation, Hygiene Promotion and Capacity Building programme Status: On Going Providing 68,500 people with safe water supply; improved household sanitation facilities for 54,700 people; Improved latrines and hand washing facilities for 12,870 people; 250 villages sensitised on hygiene education and sanitation</td>
<td>£0.95m</td>
<td>2010-2012</td>
</tr>
</tbody>
</table>
**Water, Sanitation and Hygiene Programme**  
*Status: Recently Approved*  
Aims to reduce water related disease and illness in Malawi, leading to reduced vulnerability and poverty. The new programme is expected to provide 750,000 vulnerable Malawians with reasonable and sustained access to improved water and sanitation in underserved areas.  

**Agriculture Sector Support**  
*Status: On Going*  
Aims to provide 350,000 vulnerable farmers a year with high yielding maize and legume seeds; improve the value for money of the Government of Malawi’s Farm Input Subsidy Programme (FISP); increase domestic milk production for 7,000 existing dairy farmers by 30% and enable 2,000 smallholder farmers to move in to dairy farming; and support 90,000 farmers (including 31,000 women) to increase yields by 20% and improve soil quality through conservation farming.

**Human Development**

<table>
<thead>
<tr>
<th>Programme</th>
<th>Status</th>
<th>Details</th>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping Girls in School programme (2012-15)</td>
<td>Recently Approved</td>
<td>The programme will increase girls’ enrolment in school, completion of primary education, and transition into secondary school.</td>
<td>£37.5m</td>
<td>2012-2016</td>
</tr>
<tr>
<td>DFID’s Education Sector Reform Programme (2010-13)</td>
<td>On Going</td>
<td>A large sector budget support operation, with an annually agreed programme of work and output targets, linked to the Government of Malawi’s budget allocations.</td>
<td>£50m</td>
<td>2012-2013</td>
</tr>
<tr>
<td>Malawi Health Sector Programme (2011-16)</td>
<td>Recently Approved</td>
<td>Follows on from the first health sector programme and is currently under discussion with the Government of Malawi. If approved, the MHSP will aim to increase access to quality health services; strengthen the performance of health systems (in particular procurement); and improve the equity of health outcomes.</td>
<td>£110m</td>
<td>2011-2016</td>
</tr>
<tr>
<td>Family Planning programme</td>
<td>On Going</td>
<td>Aims to increase the coverage and use of effective family planning in Malawi, with a focus on rural, poor, and young women. The programme will result in 180,000 fewer unsafe abortions, 4,460 fewer maternal deaths and 1.27 million fewer pregnancies</td>
<td>£25m</td>
<td>2012-2018</td>
</tr>
<tr>
<td>Emergency Drug project</td>
<td>On Going</td>
<td>An emergency programme (with Norway and Germany) to procure and distribute 18 months worth of essential medicines to around 620 health facilities in Malawi.</td>
<td>£13.5</td>
<td>2011-2012</td>
</tr>
<tr>
<td>HIV &amp; AIDS programme</td>
<td>In Design</td>
<td>A new programme of support is being developed to address the need for a better balance between prevention and treatment interventions.</td>
<td>In Design</td>
<td></td>
</tr>
</tbody>
</table>
Further written evidence submitted by
The Department for International Development

Q1. In its written evidence to the inquiry, WaterAid appears to suggest that – between 2007 and 2010 – DFID Malawi disbursed only just over 50% of its committed funds for water and sanitation. The Committee would like to ask DFID:

   1. Whether it accepts this as true; and
   2. If so – why so little funding was disbursed.

“We do not accept WaterAid’s accusation to be true and we are not clear about the data source on which their position is based. DFID Malawi’s commitment to water and sanitation for 2007-10 was £6.4 million. DFID spent in total approximately £16 million on water and sanitation in Malawi over this period. Most of this funding came from central DFID funding, rather than through DFID Malawi’s budget.

The current government has put far greater priority on water and sanitation, first through the Bilateral Aid Review (BAR) and then further doubling our commitment in April 2012, to support a total of 60 million people access clean drinking water and improved sanitation by 2015. The BAR also focused on buying specific results, rather than allocating sums of money, to transform delivery, accountability and value for money.

Following the BAR, DFID Malawi has reprioritised water and sanitation. A new Water, Sanitation and Hygiene Programme will provide (at a minimum) 750,000 vulnerable Malawians with reasonable and sustained access to improved water and sanitation in under-served areas by 2015. Following the Secretary of State’s announcement at the High Level Meeting on Water and Sanitation in April 2012 that we are doubling our results commitment on WASH, we are reviewing our bilateral portfolio more broadly to consider where best to achieve these additional results”.

Q2. In its supplementary written evidence, DFID refers to its decision to bring forward £10 million of support for the Malawian health sector. Would it be correct to categorise this as sector budget support?

DFID Response:

Yes, it is correct to categorise the £10 million as sector budget support.

July 2012
Written evidence submitted by the Department for International Development

Summary

Since our original submission President Mutharika has died and been replaced by his Vice President, Joyce Banda. The political and economic context has changed. A new Cabinet has been appointed, Malawi has devalued and floated its currency, and early messages from the new administration on governance and human rights are encouraging. The appointment of a new High Commissioner to Malawi was announced on 25 April and President Banda has named Malawi’s High Commissioner to the UK (though final approvals on both sides are still pending). Donors, including DFID, are mobilising quickly to support Malawi and its new President. We have announced the release of £10m of funding to the health sector, and plan to provide a further £20m of support quickly. The Secretary of State for International Development will discuss what else needs to be done with President Banda when he visits Malawi, accompanied by Diana Noble of CDC, at the end of May.

Opportunities for economic growth, job creation and meeting the MDGs in Malawi

2. Our original submission to the Committee described the key economic challenges facing Malawi – short term macroeconomic instability, and longer term barriers to growth. Under President Banda, the new administration has stated that enhancing long term growth will be a priority. Major policy changes have already been made to address short term instability.

3. On 7 May the Reserve Bank of Malawi (RBM) devalued the currency by almost 50% to address the over-valuation of the exchange rate and the chronic forex shortages. Simultaneously they removed the key restrictions on trading foreign exchange, effectively moving from a fixed exchange rate to a floating rate. Malawi’s new financial year starts on 1 July. The Government’s next challenge will be to produce a budget, which sets Malawi on a course for longer term growth and avoids increasing inflation. The RBM also has very low levels of foreign exchange reserves, which makes it difficult for them to manage the new regime by providing emergency liquidity. Floating the exchange rate was a bold move, but an important step towards greater economic stability.

4. GoM is in intensive discussions with the IMF about a new programme. This will include reaching agreement on difficult fiscal and monetary policy issues. If discussions go well a new programme could be agreed in July. An IMF programme is a precondition for some types of donor support.

DFID Response

5. Since the devaluation, DFID has been working closely with the Government of Malawi (GoM) and other donors to see how we can help. GoM are well aware of the need to produce a credible budget. They have publicly listed programmes and spending areas they are considering cutting, and are working with teams from the World Bank and the IMF to make the difficult choices. This leaves two main problems – (1) how to mitigate the impact of devaluation (especially price rises) on the poor, and (2) how to
help the RBM gather the reserves it needs to manage the new floating regime. To address the impact on the poor, donors are working on a rapid scale-up of existing social protection programmes.

6. The second problem, the shortage of reserves, requires a rapid response from donors. On 12 May the Secretary of State announced that the UK would release £10m of support to Malawi's health sector, and plans to bring forward a further £20m of assistance. The details of this support are still being finalised. We are also in discussions with the Bank of England about the possibility of them providing technical assistance to the RBM to help them with the transition to the new currency regime.

The changed political situation following the President’s death

7. Since the death of President Mutharika and the succession of his Vice-President Joyce Banda, who had been expelled from the President’s DPP political party and formed her own, the political landscape has rapidly changed.

8. After being sworn in on 7 April, President Banda changed the Information Minister, Inspector-General of Police, head of the State Media, Secretary to the Treasury and the Reserve Bank Governor. Since then she has sworn in a new “inclusive” cabinet that sees the return of 8 previous DPP Ministers and a selection of Ministers from other political parties, including her own People’s Party.

9. This signals an intent to restore relations with parts of the international community that were strained under the previous government. There have not yet been changes at the top of key accountability institutions. Parliament is due to resume on 18 May. We will then see whether a political opposition will be able to coalesce quickly and effectively, and whether the government can expect a difficult passage for appointments, legislative change and the July budget.

DFID’s response

10. DFID Malawi has worked quickly with Foreign Office colleagues to show UK support for the new government. The appointment of a new High Commissioner to Malawi was announced on 25 April and President Banda has named Malawi’s High Commissioner to the UK (though final approvals on both sides are still pending).

11. We have made it clear to the new President and her government that the UK hopes to see, and is ready to support, moves to halt the economic and political decline. As the space to operate has expanded, DFID has also been able to move forward with more certainty on finalising and implementing our operational plan, which will be launched during the Secretary of State’s visit to Malawi. We will provide extra support to promote economic stability and to protect the poorest from the short term impact of economic reforms. We will look for ways to increase private sector investment and promote accountability.

12. In the area of governance and human rights, we will lobby for the speedy resolution of important outstanding issues, including the appointment of Electoral Commissioners, possible changes at the top of other constitutional bodies and review and potential repeal of recent controversial laws. We welcome indications from the
President that she wishes these issues to be addressed quickly, and have offered support to the Law Commission to speed up this process. We will respond to further changes within our existing governance programmes, with a new programme to support democratic institutions, (currently in design, but which will include support for the preparation of elections in 2014) and with other, discrete programmes as necessary.

13. DFID will make the most of the new context to promote development, but we also recognise these are early days for the new government.

DFID Malawi

24 May 2012
Written evidence submitted by Global Humanitarian Assistance

Malawi

Major Development Aid Recipients

Table 1: Major ODA recipients, 2000-2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Total ODA</th>
<th>% of total ODA</th>
<th>% ODA that is humanitarian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total by country</td>
<td>667.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iraq</td>
<td>33.7</td>
<td>5.0%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>28.7</td>
<td>4.3%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>23.6</td>
<td>3.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>22.2</td>
<td>3.3%</td>
<td>21.3%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>19.0</td>
<td>2.9%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>18.6</td>
<td>2.8%</td>
<td>12.1%</td>
</tr>
<tr>
<td>China</td>
<td>17.8</td>
<td>2.7%</td>
<td>1.7%</td>
</tr>
<tr>
<td>India</td>
<td>17.8</td>
<td>2.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Palestinian Adm. Areas</td>
<td>16.6</td>
<td>2.5%</td>
<td>37.6%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>16.1</td>
<td>2.4%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>14.6</td>
<td>2.2%</td>
<td>4.6%</td>
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<td>Uganda</td>
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<td>1.9%</td>
<td>12.4%</td>
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<tr>
<td>Congo, Dem. Rep.</td>
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<td>1.8%</td>
<td>28.1%</td>
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<tr>
<td>Ghana</td>
<td>11.5</td>
<td>1.7%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Egypt</td>
<td>11.4</td>
<td>1.7%</td>
<td>0.6%</td>
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<tr>
<td>Kenya</td>
<td>9.5</td>
<td>1.4%</td>
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<tr>
<td>Zambia</td>
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<tr>
<td>Morocco</td>
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<td>1.3%</td>
<td>0.7%</td>
</tr>
<tr>
<td>South Africa</td>
<td>8.4</td>
<td>1.3%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Bolivia</td>
<td>8.0</td>
<td>1.2%</td>
<td>1.5%</td>
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<tr>
<td>Nicaragua</td>
<td>8.0</td>
<td>1.2%</td>
<td>3.7%</td>
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<td>Senegal</td>
<td>7.9</td>
<td>1.2%</td>
<td>1.2%</td>
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<tr>
<td>Burkina Faso</td>
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<td>1.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Mali</td>
<td>7.6</td>
<td>1.1%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Jordan</td>
<td>7.5</td>
<td>1.1%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Colombia</td>
<td>7.5</td>
<td>1.1%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>7.3</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>6.9</td>
<td>1.0%</td>
<td>21.3%</td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>6.8</td>
<td>1.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>6.6</td>
<td>1.0%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Malawi</td>
<td>6.6</td>
<td>1.0%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

1 All data in this note is Development Initiatives, based on OECD DAC, constant 2009 prices.
Aid to Malawi year-on-year

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawian Aid</td>
<td>628.2</td>
<td>616.8</td>
<td>527.9</td>
<td>623.7</td>
<td>561.8</td>
<td>627.7</td>
<td>636.6</td>
<td>715.8</td>
<td>878.4</td>
<td>768.6</td>
<td>1021.3</td>
</tr>
</tbody>
</table>

Aid to Malawi

Volumes over 10 years

Figure 1: Volumes of aid to Malawi, from UK and rest of donors

Proportions over 10 years

Figure 2: Proportion of aid to Malawi from the UK
Written evidence submitted by Dr Nicholas Wright

The great danger of a committee of British non-experts reporting on a country like Malawi, after a few days’ visit, is too obvious to elaborate here. However assiduously that Committee does its work, there is no possibility of a proper report. The danger is that a very full and technical report will be presented to Parliament by this Committee which, in all essentials, will have been prepared by the Department for International Development (DfID) in Malawi which does have the necessary expertise and resources to do so. DfID Malawi will have controlled the whole process of in-country tours, interviews, and access to data.

This would not be a problem if DfID Malawi could be considered an impartial actor. But that is not the case. DfID is a very powerful player in Malawi and with a very strong interest in maintaining that status. Its annual budget there, of about £90 million, may be only a small portion of DfID’s overall budget of nearly £8000 millions, but it makes it more significant than any government ministry in Malawi.

DfID maintains that status in Malawi by submitting reports back to UK which are essentially optimistic. These reports are based on those of academics, consultants, local NGOs, even smallholders and fishermen, who are either directly or indirectly on its payroll or who very much hope to be. No-one is being deliberately dishonest about this, and the International Development Committee is not being accused of any such thing, but the cumulative effect of all this optimistic reporting-back is highly misleading.

Anyone who lives or works in Malawi, and with a concern for its political and economic welfare, must know that the present situation under Bingu wa Mutharika’s leadership is catastrophic. An overmighty presidency using the army and police to eliminate any expressions of dissent, prisons bursting with people who have not even been tried, fuel shortages, a very erratic power-supply, famine kept at bay by aid-money channeled through fertilizer and seed subsidies. An optimistic report on Malawi at this moment which does not assume indefinite infusions of British, and other, aid moneys is plainly unrealistic. “Sustainability” is the mantra and justification of the aid-industry in Malawi but it is as far from realization than at any time since Independence in the 1960s.

DfID has failed in Malawi but is still determined to present that failure as postponed, "we-are-here-for-the-long-term", success.

28 March 2012
Written evidence submitted by Dr Nicholas Wright

I make no request to submit oral testimony

Self-introduction: I have worked as a VSO volunteer in Malawi’s education sector (2000-2001). I have published many articles on Malawi, mainly for Africa Confidential, and have re-visited Malawi several times to interview Malawian civil servants and politicians, and various other local and expatriate concerned individuals.

I have known and talked with every British High Commissioner in Malawi and most Heads of DFID there, since 2001. I have no material or financial interest in Malawi: only a strong sense of obligation to the Malawian people who befriended my wife and me, and to the school students we once taught.

1. I feel that I have enough knowledge of the politics of Malawi and of the role of British expatriates in the community to be able to comment usefully. I have no reason whatsoever to doubt the integrity and purposefulness of this I.D committee and its members, or of the Department for International Development (DFID)

2. I am extremely sceptical about the capacity of a committee such as this one to make a proper report on the annual value of £90mn of British aid to Malawi, after a visit there of only a few days. Committee members will have been directed towards Department for International Development projects which are administered by Malawians who are anxious to ensure the continuity of that aid-flow and to show off their projects in the best possible light. The report will, in all essentials, be written by DFID, and by its various Malawian-government and non-government dependencies, and will, with some reservations, be thoroughly optimistic. It will have the appearance, but not the substance, of objectivity and impartiality.

3. Why? Because DFID is NOT impartial. It is a very powerful player in Malawi (as it is in UK) with a strong interest in preserving its very privileged position there. Its expatriate staff enjoy a comfortable lifestyle and its dependant Non-Government Organisations (NGOs) are the envy of all such organizations in Malawi and determined to hold onto their guaranteed incomes and privileged status. Politeness and self-interest, not deliberate dishonesty, will ensure that they do not present critical reports to the IDC

4. Parliament in UK, in this period of domestic austerity, needs seriously critical reports on the effectiveness of an aid budget that is now, globally, fast approaching £800mn per annum. British aid to Malawi has been a small part of that and conspicuously unsuccessful over the half century since Malawian Independence. Malawians outside the capital are as desperately poor as they were then. Malawi’s institutions are certainly more corrupt and inefficient.

5. It is possible, but by no means certain, that Malawi’s government will be radically changed in the aftermath of the recent death of Bingu wa Mutharika. This might be a never-to-be-repeated opportunity for British aid-policy to have a similar shake-up.

6. Malawians (and British taxpayers) urgently need a properly and independent critical report on the effectiveness and ineffectiveness of British aid policy in Malawi. They do not need another DFID self-justification --- however well written and mediated by third parties

7. If I were to advise on this, I would suggest that we in the UK must begin with the assumption that international aid to Malawi is wrong, wasteful, demoralizing, and dependency-creating. Any alternative claim must be tested rigorously in the light of Malawian history and the experience of the
Malawian villages well away from the Lilongwe and London special-interest groups. The assumption that "aid is good" is ruinous both for Malawi and for the UK, and contrary to all the evidence.

8. DfID may be considered a highly-competent aid-delivery and auditing system. It must never be considered a neutral, policy-making, body. That is Parliament’s responsibility.

Nick Wright

23 April 2012
Written evidence submitted by WaterAid

How UK Aid can support Malawi’s efforts to bring water and sanitation to all its citizens

Summary

• Although Malawi has made significant progress on water supply, over two and a half million people remain without safe drinking water.

• Almost half of the population—more than seven million people—do not have access to adequate sanitation and Malawi is seriously off-track from achieving the sanitation Millennium Development Goal (MDG) target.

• Diarrhoea—mainly from dirty water and poor sanitation—causes more than 10% of under-five child deaths in Malawi. There is an urgent need to invest in sanitation and hygiene.

• Only 63% of water points in Malawi are functional.

• The Department for International Development (DFID) is aiming to ensure 800,000 people have access to clean water and improved sanitation by 2015, but with more than 2 million Malawians without safe water and more than 7 million without adequate sanitation there is scope for DFID to scale up its commitments.

DFID could:

• Invest at scale in sanitation and hygiene, and play a significant role in enabling Malawi to achieve the MDG sanitation target, by increasing its existing aim to bring water and sanitation to 800,000 people.

• Provide support to Malawian Government Ministries in implementing the National Sanitation Strategy to ensure its success – particularly in rural areas and providing water and sanitation in schools, where the need is very high.

• Provide direct support for Districts to deliver their District Strategic Investment Plans for water and sanitation.

• Invest in existing water and sanitation infrastructure in both urban and rural areas, which is in need of major rehabilitation.
**General background on Water, Sanitation and Hygiene**

Investment in water, sanitation and hygiene (WASH) are essential to making progress towards a multitude of development areas:

Diarrhoea is the biggest killer of children under five in Africa and the second biggest in South Asia.\(^1\) Diarrhoea, respiratory infections, malnutrition and many water borne tropical diseases are directly linked to poor sanitation.\(^2\) Access to WASH is therefore crucial to achieving global health aims, including the child health MDG targets.

WASH is good for women in developing countries. The burden of fetching water falls predominantly on women and girls, costing them productive time.\(^3\) Searching for discrete places to defecate can increase their vulnerability to gender based violence.\(^4\)

Water and sanitation are also essential for economic growth:

In 2003, lack of access to safe water and sanitation cost sub-Saharan Africa about 5% of GDP, more than all aid and debt relief to the region that year.\(^5\) A reasonable estimate is that investments in WASH can generate $8 in GDP growth for every $1 spent.\(^6\) In locations where WASH diseases are a heavy burden and where water sources are distant, the returns can be even greater; the upper estimates reach a return of $1 to $46.\(^7\)

Despite its clear centrality to the MDGs, there is a huge shortfall in funding for the WASH crisis. In fact, it is declining in prioritisation. Global aid has risen to US$128.7 billion, but WASH as a share of global aid has steadily fallen. It was over 8% of total aid in the mid-1990s, but by 2009 had fallen to below 5.5%.\(^8\)

UK’s bilateral aid to WASH was less than 2% of their total aid in 2010, compared to over 10% in Japan and over 15% in Korea. The proportion of UK aid that goes to bilateral WASH programming is one third that of both Germany and Spain, and less than 50% of the donor average.\(^9\)

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5. United Nations Development Programme 2006
7. Hutton, Haller and Bartram 2007
8. OECD-DAC Creditor Reporting System 2011
9. OECD-DAC Creditor Reporting System 2011
The sanitation target of MDG7 is one of the most off-track global targets, with less than half the population in Sub-Saharan Africa with access to adequate sanitation, leaving the region up two centuries away from achieving it on current trends.\textsuperscript{10}

**Malawi’s Water and Sanitation sector**

Malawi is one of the poorest countries in the world, and it faces severe challenges in overcoming poverty. The country’s maternal, infant and child mortality rates are amongst the highest in the world, and 12% of the working age population is HIV-positive. Diarrhoea from dirty water and poor sanitation causes more than 10% of under-five child deaths in Malawi.\textsuperscript{11}

The Government has made progress in providing access to safe water and sanitation to an increasing number of Malawian citizens. The 2012 WHO/UNICEF Joint Monitoring Programme (JMP) reports that 83% of the population has access to an improved drinking water source (compared with 41% in 1990). 95% of the urban population has access to improved drinking water and 80% of the rural population. However, there has been less progress on sanitation, and the country remains seriously off-track from achieving the sanitation Millennium Development Goal target. JMP reports that 51% of the population has access to an improved sanitation source (49% in urban areas and 51% in rural areas) compared with 39% in 1990.

**Analysis of the sector**

Malawian Government Ministries have been participating actively in the Sanitation and Water for All (SWA) Partnership and as part of this work have analysed both the progress made and the challenges facing the sector.\textsuperscript{12} Water Supply and Sanitation services and use of safe hygiene practices are among the key priority areas in the Malawi Growth and Development Strategy (2012 – 2016) alongside education, health care, HIV/AIDS and disaster management. Water Supply and Sanitation services are also part of the Government’s commitment to meet the MDGs by 2015.

The Government of Malawi has developed a national water policy. The overall policy goal is sustainable management and utilisation of water resources in order to provide water services, of acceptable quality and in sufficient quantities that satisfy the requirements of every Malawian and enhance the country’s natural ecosystems. The Government has also developed a National Sanitation policy. The policy document focuses on strategies for scaling up hygiene and sanitation promotion, creating demand

\textsuperscript{10} WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation 2012

\textsuperscript{11} Black et al, 2008.

\textsuperscript{12} http://www_sanitationandwaterforall.org/
for facilities and developing various technological options for institutions and households.

The key challenges identified and affecting the sector however are set out below:

- Insufficient political prioritisation of sanitation and water in the national and district budgets
- Insufficient National Investments and Poor Targeting
- Weak Country Sector Capacity
- Lack of Accountability for Commitments
- Weak Monitoring, Evaluation and Analysis of Data and dissemination for informed decision-making
- Limited knowledge and understanding of the Right to Sanitation and Drinking Water
- Limited participation of the private sector in water, sanitation and hygiene promotion

**History of donor support**

The WASH sector receives support from both bilateral and multilateral institutions. The United States of America, through its development wing USAID, has committed significant resources to the water sector.

**Donor Share of Cumulative Aid Commitments (2007-2010)**

![Graph showing donor share of cumulative aid commitments](Image)

Source: Ministry of Finance

As noted in the Chart above, in the years 2005 to 2010, USAID was the largest donor, accounting for 43% of all donor funds committed for water and sanitation projects in Malawi.

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13 This analysis of donors in Malawi draws on original research by Development Finance International, commissioned by WaterAid in 2011.
Malawi. The multilateral institutions, such as African Development Bank and the World Bank, have also committed considerable resources to water and sanitation.

In many cases there is a considerable mismatch between what donors commit to spend and the amount of money they actually disburse, however. Overall donor disbursements in the period 2007-2010 were 30% of total commitments. However there was considerable variation amongst the donors, with some of the smaller donors such as Canada, Finland, Iceland and Germany disbursing as much if not more than their commitments. On the other hand the USA, the major donor to the WASH sector, had the lowest ratio of disbursements to commitments at 18% over the four year period. Two donors, the European Union and OPEC, did not disburse funds despite making commitments to do so. In the case of the European Union, the main reason for the delay in disbursements was the delay by the government in appointments of directors of the water boards, a condition for release of the funds.

**Disbursements as a Percentage of Commitments**

Source: Ministry of Finance

**DFID plans for its intervention in Malawi**

Following the Bilateral Aid Review in March 2011, the Department for International Development (DFID) announced it would spend on average £93 million per year in Malawi until 2015 and identified the following priorities:
• Improving basic services especially health, water and sanitation, and access to justice, focusing on girls and women
• Enabling the private sector to be an engine for growth
• Improving the effectiveness and transparency of national audits and local accountability and ensuring that public resources deliver the best results for the poor and the vulnerable

In terms of results, DFID is aiming to ensure 800,000 people have access to clean water and improved sanitation, by 2015, more than half of whom will be women.

WaterAid’s view of the opportunities facing DFID

WaterAid welcomes DFID’s decision to begin a new WASH programme in Malawi and considers it important that the deterioration in diplomatic relations between the two countries does not dampen DFID’s commitment to providing access to essential services for those Malawians who do not have access.

Continue support for improving governance of the sector

There is a real opportunity to build on the important support on governance to the Water and Sanitation Sector, where WaterAid and DFID have worked in partnership over recent years. There are many gaps and opportunities in the sector that DFID could utilise to make a lasting impact. The Sector Wide Approach (SWAp) process is one of the strategic areas that needs to be nurtured to be fully realised. The development of the National Monitoring and Evaluation framework to guide sector processes needs to be complementary processes at the district level to be effective. The high non-functionality rate among water facilities threatens the sustainability of access to safe water particularly for the rural marginalised communities.

Increase the ambition to tackle the sanitation crisis

However, there is scope for DFID to be very ambitious in its WASH programme, and as well as continuing to support governance programmes, to also invest resources in direct service provision. Almost 7 million Malawians, most of whom are in rural areas, are without sanitation. Government Ministries are in the process of developing a National Sanitation Strategy, and DFID Malawi could potentially provide significant support to ensure its effective implementation and success, particularly in rural areas, and for WASH in schools where the need is still very high. DFID could play a significant role in enabling Malawi to achieve the Millennium Development Goal target for sanitation, by increasing its existing aim to bring water and sanitation to 800,000 people, and bringing this more in line with the scale of the sanitation crisis facing Malawi.
Support rehabilitation and extension of existing schemes

A further issue is the current state of existing infrastructure in both urban and rural areas, which is in major need of rehabilitation. A Joint Sector Review of the water and sanitation sector in Malawi in 2011 identified that only 63% of water points were functional. WaterAid is partnering with AusAid to rehabilitate and extend a major gravity-fed water supply scheme in two separate districts (Nkhotakota and Ntchisi) in Central Region. The scheme which includes the town of Mwansambo, close to Lake Malawi, consists of three main branches reaching down over several miles to villages and schools in two separate districts (Nkhotakota and Ntchisi), providing water for 38,000 people, although low sustainability has reduced this total substantially. Built in 1983 with the support of USAID, the existing scheme is in need of significant rehabilitation, with old pipes, leaking water, non-functional water-points, deteriorating water quality, and a shortage of improved sanitation in the schools and communities. Thanks to significant funding from AusAid (A$2.8m or GBP1.77m), the project will rehabilitate the existing network, including replacing steel pipes at the start of the network with wider diameter pipes for greater volume, replacing damaged PVC pipes, repairing the existing ten water storage tanks and building a new one. It will also build a new water treatment plant to improve water quality, build separate disabled-access toilets for boys and girls in the local schools, aiming for a ratio of one toilet per 50 pupils, and provide sanitation for communities. Depending on funding, the plan is to install up to 600 taps in total, providing safe water for 42,000 people, making this the second largest scheme of its kind in Central Region.

There are several similar schemes across the country where the combination of population growth and ageing infrastructure, mean there is an urgent need for rehabilitation and extension. By supporting the repair and extension of these schemes, DFID could scale up the Government’s commitments on water and sanitation, achieving value for money, as well as the crucial results and outcomes of bringing the essential services of water, sanitation and hygiene to Malawi’s unserved poor communities.

Provide direct support to districts

DFID could also support the implementation of District Strategic Investment Plans (DSIPs). DFID is currently planning to deliver its WASH programme principally through major International Non-Governmental Organisations, however there would be significant benefits in providing direct support to local councils. Several districts have been supported to develop sector wide plans with the hope of improving planning, implementation and monitoring water and sanitation projects. However, districts are struggling to mobilise resources to implement the plans. There are minimal amounts flowing from the central government, and these are not adequate to meet the needs of the districts.
Malawian Government Ministries have also introduced the Local Development Fund as a mechanism for supporting projects. However, most of these funds are currently ring-fenced such that only tiny amounts are available for water and sanitation on a competitive basis. DFID could also consider contributing to this pool fund but equally ring fence the funds for water and sanitation.

March, 2012
How UK Aid can support Malawi’s efforts to bring water and sanitation to all its citizens

Summary

- Although Malawi has made significant progress on water supply, over two and a half million people remain without safe drinking water.

- Almost half of the population—more than seven million people—do not have access to adequate sanitation and Malawi is seriously off-track from achieving the sanitation Millennium Development Goal (MDG) target.

- Diarrhoea—mainly from dirty water and poor sanitation—causes more than 10% of under-five child deaths in Malawi. There is an urgent need to invest in sanitation and hygiene.

- Only 63% of water points in Malawi are functional.

- The Department for International Development (DFID) is aiming to ensure 800,000 people have access to clean water and improved sanitation by 2015, but with more than two million Malawians without safe water and more than seven million without adequate sanitation there is scope for DFID to scale up its commitments.

- The announcement in April by the UK Secretary of State for Development to double the number of people worldwide that DFID plans to provide with access to clean drinking water and proper sanitation by 2015, together with opportunities presented by the political changes underway in Malawi, make an increase in DFID’s planned interventions in the water and sanitation sector in Malawi both more urgent and possible.

DFID could:

- Invest at scale in sanitation and hygiene, and play a significant role in enabling Malawi to achieve the MDG sanitation target, by increasing its existing aim, which is currently to bring water and sanitation to 800,000 people.

- Provide support to Malawian Government Ministries in implementing the National Sanitation Strategy to ensure its success – particularly in rural areas, and providing water and sanitation in schools, where the need is very high.
• Implement appropriate sanitation solutions for targeting the poor in urban areas.
• Provide direct support for Districts to deliver their District Strategic Investment Plans for water and sanitation, and ensure appropriate funding channels are further developed.
• Invest in existing water and sanitation infrastructure in both urban and rural areas, which is in need of major rehabilitation, to ensure long-term sustainability of services.
• Given the recent announcement of plans to at least double DFID interventions worldwide, in Malawi DFID could aim to reach an additional one million Malawians, who are currently unserved by water and sanitation services, with a new aim of reaching 1,800,000 Malawians with these essential services on a fully sustainable basis by 2015.

General background on Water, Sanitation and Hygiene

1. Investment in water, sanitation and hygiene (WASH) are essential to making progress towards a multitude of development areas:

Diarrhoea is the biggest killer of children under five in Africa and the second biggest in South Asia. Diarrhoea, respiratory infections, malnutrition and many water borne tropical diseases are directly linked to poor sanitation. Access to WASH is therefore crucial to achieving global health aims, including the child health MDG targets.

WASH is good for women in developing countries. The burden of fetching water falls predominantly on women and girls, costing them productive time. Searching for discrete places to defecate can increase their vulnerability to gender based violence.

2. Water and sanitation are also essential for economic growth:

In 2003, lack of access to safe water and sanitation cost sub-Saharan Africa about 5% of GDP, more than all aid and debt relief to the region that year. A reasonable estimate is that investments in WASH can generate $8 in GDP growth for every $1 spent.

4 United Nations Development Programme 2006
5 United Nations Development Programme 2006
6 United Nations Development Programme 2006
locations where WASH diseases are a heavy burden and where water sources are distant, the returns can be even greater; the upper estimates reach a return of $1 to $46.\(^7\)

3. Despite its clear centrality to the MDGs, there is a huge shortfall in funding for the WASH crisis. In fact, it is declining in prioritisation. Global aid has risen to US$128.7 billion, but WASH as a share of global aid has steadily fallen. It was over 8% of total aid in the mid-1990s, but by 2009 had fallen to below 5.5%.\(^8\)

4. UK’s bilateral aid to WASH was less than 2% of their total aid in 2010, compared to over 10% in Japan and over 15% in Korea. The proportion of UK aid that goes to bilateral WASH programming is one third that of both Germany and Spain, and less than 50% of the donor average.\(^9\)

5. The sanitation target of MDG7 is one of the most off-track global targets, with less than half the population in Sub-Saharan Africa with access to adequate sanitation, leaving the region up two centuries away from achieving it on current trends.\(^10\)

**Malawi’s Water and Sanitation sector**

6. Malawi is one of the poorest countries in the world, and it faces severe challenges in overcoming poverty. The country’s maternal, infant and child mortality rates are amongst the highest in the world, and 12% of the working age population is HIV-positive. Diarrhoea from dirty water and poor sanitation causes more than 10% of under-five child deaths in Malawi.\(^11\)

7. The Government has made progress in providing access to safe water and sanitation to an increasing number of Malawian citizens. The 2012 WHO/UNICEF Joint Monitoring Programme (JMP) reports that 83% of the population has access to an improved drinking water source (compared with 41% in 1990). 95% of the urban population has access to improved drinking water and 80% of the rural population. However, there has been less progress on sanitation, and the country remains seriously off-track from achieving the sanitation Millennium Development Goal target. JMP reports that 51% of the population has access to an improved sanitation source (49% in urban areas and 51% in rural areas) compared with 39% in 1990.

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\(^7\) Hutton, Haller and Bartram 2007  
\(^8\) OECD-DAC Creditor Reporting System 2011  
\(^9\) OECD-DAC Creditor Reporting System 2011  
Analysis of the sector

8. Malawian Government Ministries have been participating actively in the Sanitation and Water for All (SWA) Partnership and as part of this work have analysed both the progress made and the challenges facing the sector. Water Supply and Sanitation services and use of safe hygiene practices are among the key priority areas in the Malawi Growth and Development Strategy (2012 – 2016) alongside education, health care, HIV/AIDs and disaster management. Water Supply and Sanitation services are also part of the Government’s commitment to meet the MDGs by 2015.

9. The Government of Malawi has developed a national water policy. The overall policy goal is sustainable management and utilisation of water resources in order to provide water services, of acceptable quality and in sufficient quantities that satisfy the requirements of every Malawian and enhance the country’s natural ecosystems. The Government has also developed a National Sanitation policy. The policy document focuses on strategies for scaling up hygiene and sanitation promotion, creating demand for facilities and developing various technological options for institutions and households.

10. The key challenges identified and affecting the sector however are set out below:

- Insufficient political prioritisation of sanitation and water in the national and district budgets
- Insufficient National Investments and Poor Targeting
- Weak Country Sector Capacity
- Lack of Accountability for Commitments
- Weak Monitoring, Evaluation and Analysis of Data and dissemination for informed decision-making
- Limited knowledge and understanding of the Right to Sanitation and Drinking Water
- Limited participation of the private sector in water, sanitation and hygiene promotion

History of donor support

11. The WASH sector receives support from both bilateral and multilateral institutions. The United States of America, through its development wing USAID, has committed significant resources to the water sector.

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12 http://www.sanitationandwaterforall.org/
13 This analysis of donors in Malawi draws on original research by Development Finance International, commissioned by WaterAid in 2011.
12. As noted in the Chart above, in the years 2005 to 2010, USAID was the largest donor, accounting for 43% of all donor funds committed for water and sanitation projects in Malawi. The multilateral institutions, such as African Development Bank and the World Bank, have also committed considerable resources to water and sanitation.

13. In many cases there is a considerable mismatch between what donors commit to spend and the amount of money they actually disburse, however. Overall donor disbursements in the period 2007-2010 were 30% of total commitments. However there was considerable variation amongst the donors, with some of the smaller donors such as Canada, Finland, Iceland and Germany disbursing as much if not more than their commitments. On the other hand the USA, the major donor to the WASH sector, had the lowest ratio of disbursements to commitments at 18% over the four year period. Two donors, the European Union and OPEC, did not disburse funds despite making commitments to do so. In the case of the European Union, the main reason for the delay in disbursements was the delay by the government in appointments of directors of the water boards, a condition for release of the funds.
DFID plans for its intervention in Malawi

14. Following the Bilateral Aid Review in March 2011, the Department for International Development (DFID) announced it would spend on average £93 million per year in Malawi until 2015 and identified the following priorities:

- Improving basic services especially health, water and sanitation, and access to justice, focusing on girls and women
- Enabling the private sector to be an engine for growth
- Improving the effectiveness and transparency of national audits and local accountability and ensuring that public resources deliver the best results for the poor and the vulnerable

15. In terms of results, DFID set its aim to ensure 800,000 people have access to clean water and improved sanitation, by 2015, more than half of whom will be women.

16. In April 2012, the UK Secretary of State for Development, Andrew Mitchell, announced a significant change in DFID’s ambitions for supporting the water and sanitation sector worldwide. At the High Level Meeting of the Sanitation and Water for All partnership in Washington D.C he announced that DFID would double the number of people it plans to provide with access to clean drinking water and proper sanitation.
through UK aid by 2015. The UK Government now plans to reach more than 60 million people with these essential services.

**WaterAid’s view of the opportunities facing DFID**

17. WaterAid welcomes DFID’s decision to begin a new WASH programme in Malawi and believes that the opportunity to improve diplomatic relations between the two countries should lead to a significant increase in DFID’s commitment to providing access to essential services for those Malawians who do not have access.

18. Given the recent announcement of plans to at least double DFID interventions worldwide, WaterAid believes that in Malawi DFID could aim to reach an additional one million Malawians, who are currently unserved by water and sanitation services, with a new aim of reaching 1,800,000 Malawians with these essential services on a fully sustainable basis by 2015.

The opportunities to do this are set out below.

**Continue support for improving governance of the sector**

19. There is a real opportunity to build on the important support on governance to the Water and Sanitation Sector, where WaterAid and DFID have worked in partnership over recent years. There are many gaps and opportunities in the sector that DFID could utilise to make a lasting impact. The Sector Wide Approach (SWAp) process is one of the strategic areas that needs to be nurtured to be fully realised. The development of the National Monitoring and Evaluation framework to guide sector processes needs to be complementary processes at the district level to be effective. The high non-functionality rate among water facilities threatens the sustainability of access to safe water particularly for the rural marginalised communities. It is critical that Government and donors work effectively together, with accountability on all sides. The political change offers new opportunities to strengthen monitoring and accountability in the sector, and DFID is well-placed to have a leading role in this.

**Increase the ambition to tackle the sanitation crisis**

20. However, there is scope for DFID to be very ambitious in its WASH programme, and as well as continuing to support governance programmes, to also invest resources in direct service provision. Almost 7 million Malawians, most of whom are in rural areas and low income urban areas and small towns, are without sanitation. Government Ministries are in the process of developing a National Sanitation Strategy, and DFID Malawi could potentially provide significant support to ensure its effective
implementation and success, particularly in rural areas, and for WASH in schools where the need is still very high. DFID could play a significant role in enabling Malawi to achieve the Millennium Development Goal target for sanitation, by increasing its existing aim to bring water and sanitation to 800,000 people, and bringing this more in line with the scale of the sanitation crisis facing Malawi.

Support rehabilitation and extension of existing schemes

21. A further issue is the current state of existing infrastructure in both urban and rural areas, which is in major need of rehabilitation. A Joint Sector Review of the water and sanitation sector in Malawi in 2011 identified that only 63% of water points were functional. WaterAid is partnering with AusAid to rehabilitate and extend a major gravity-fed water supply scheme in two separate districts (Nkhotakota and Ntchisi) in Central Region. The scheme which includes the town of Mwansambo, close to Lake Malawi, consists of three main branches reaching down over several miles to villages and schools in two separate districts (Nkhotakota and Ntchisi), providing water for 38,000 people, although low sustainability has reduced this total substantially. Built in 1983 with the support of USAID, the existing scheme is in need of significant rehabilitation, with old pipes, leaking water, non-functional water-points, deteriorating water quality, and a shortage of improved sanitation in the schools and communities. Thanks to significant funding from AusAid (A$2.8m or GBP1.77m), the project will rehabilitate the existing network, including replacing steel pipes at the start of the network with wider diameter pipes for greater volume, replacing damaged PVC pipes, repairing the existing ten water storage tanks and building a new one. It will also build a new water treatment plant to improve water quality, build separate disabled-access toilets for boys and girls in the local schools, aiming for a ratio of one toilet per 50 pupils, and provide sanitation for communities. Depending on funding, the plan is to install up to 600 taps in total, providing safe water for 42,000 people, making this the second largest scheme of its kind in Central Region.

22. There are several similar schemes across the country where the combination of population growth and ageing infrastructure, mean there is an urgent need for rehabilitation and extension. By supporting the repair and extension of these schemes, DFID could scale up the Government’s commitments on water and sanitation, achieving value for money, as well as the crucial results and outcomes of bringing the essential services of water, sanitation and hygiene to Malawi’s unserved poor communities.

Provide direct support to districts

23. DFID could also support the implementation of District Strategic Investment Plans (DSIPs). DFID is currently planning to deliver its WASH programme principally through UNICEF, however there would be significant benefits in providing direct support to local
councils as well. Several districts have been supported to develop sector wide plans with the hope of improving planning, implementation and monitoring water and sanitation projects. However, districts are struggling to mobilise resources to implement the plans. There are minimal amounts flowing from the central government, and these are not adequate to meet the needs of the districts.

24. Malawian Government Ministries have also introduced the Local Development Fund as a mechanism for supporting projects. However, most of these funds are currently ring-fenced such that only tiny amounts are available for water and sanitation on a competitive basis. DFID could also consider contributing to this pool fund but equally ring fence the funds for water and sanitation.

May 2012
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How the UK can best help to improve opportunities for economic growth, job creation and meeting the millennium development goals targets in Malawi

1.0 Introduction

This paper is a response to the request for inputs by the UK Parliament’s International Development Committee for submissions on how Her Majesty’s Government (UK) can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi. In the background section of this paper, attempt has been made to provide the context in which the Malawian economy is operating. The paper further discusses the challenges facing Malawi and goes on to suggest solutions to these challenges. The paper concludes the discussions with recommendations on possible areas of support to reignite the economy and create jobs for Malawians. The paper also addresses the Millennium Development Goals and how her Majesty’s government could support efforts to attain the targets.

2.0 Background

Malawi was declared a British protectorate of Nyasaland in 1891. It became the independent nation of Malawi in 1964. After three decades of one-party rule under President Hastings Kamuzu Banda the country held multiparty elections in 1994, under a provisional constitution that came into full effect the following year. Four presidents namely; Dr. Banda 1964-1994, Bakili Muluzi 1994-2004; Bingu Wa Mutharika 2004-2012 and Joyce Banda 2012 incumbent have ruled Malawi since independence and the incumbent is Mrs. Banda, is the first ever female president in Malawi and the entire southern Africa region. Mrs. Banda ascended to presidency following the death of the former president Dr. Bingu wa Mutharika on 5th April 2012. The former president, Mutharika had overseen some economic improvement particularly during his first term in office. Since 2009, however, Malawi had been experiencing some setbacks, including a general shortage of foreign exchange,
which significantly damaged its ability to pay for imports, and fuel shortages that hindered transportation and productivity. Investment fell 23% in 2009, and continued to decline in 2010\(^1\).

At the time of his death Dr. Mutharika’s government had failed to address barriers to investment such as unreliable power, water shortages, poor telecommunications infrastructure, and the high costs of services. Donors, who provided an average of 36% of government revenue in the past five years, suspended general budget support for Malawi in 2011 due to a negative IMF review and governance issues. All these developments are happening against a backdrop of extreme poverty levels with over 60% of the population living below a dollar per day. Landlocked Malawi ranks among the world’s most densely populated and least developed countries. The economy is predominately agricultural with about 80% of the population living in rural areas. Agriculture, which has benefited from fertilizer subsidies since 2006, accounts for one-third of GDP and 90% of export revenues.

The performance of the tobacco sector is key to short-term growth as tobacco accounts for more than half of exports. The economy depends on substantial inflows of economic assistance from the IMF, the World Bank, and individual donor nations. In 2006, Malawi was approved for relief under the Heavily Indebted Poor Countries (HIPC) program. In December 2007, the US granted Malawi eligibility status to receive financial support within the Millennium Challenge Corporation (MCC) initiative.

The implementation of the Millennium Development Goals (MDGs) in Malawi is being done through the medium term development strategy known as the Malawi Growth and Development Strategy (MGDS). The strategy, aims at creating wealth through sustainable economic growth as a means of reducing poverty. The 2010 Millennium Development Goals report has shown that the country is on track to attaining some of the MDG targets by the year 2015. Malawi has made tremendous strides in MDGs 1, 4, 6, 7 and 8. Malawi is seriously lagging in its efforts to attain

\(^1\) CIA Factbook April 2012
MDG 2, 3 and 5. It makes sense therefore to invest in addressing the lagging MDGs whilst still supporting those whose indicators are favourable.

3.0 Challenges facing Malawi in attaining MDG targets

The government of Malawi faces many challenges including developing a market economy, improving educational facilities, facing up to environmental problems, dealing with the rapidly growing problem of HIV/AIDS, and satisfying foreign donors that fiscal discipline is being tightened.

3.1 Developing a market economy

Malawi ranks among the world's most densely populated and least developed countries. Her recent economic performance has been unsatisfactory due to low capacity to generate real economic growth estimated at 4.6%. The major challenge has been a lean economic base with heavy reliance on tobacco as the backbone of the economy. Tobacco alone contributes about 67% to the country’s export receipts (GoM, 2010a). The manufacturing industry is virtually nonexistent. The unsatisfactory rate of growth of manufacturing industries is due to such factors as foreign competition, unreliable utilities, high cost of imported inputs induced by devaluations, foreign exchange shortages, unsatisfactory state of the internal road network, an unstable economic environment, decreasing rates of investment and inadequate delivery of credit to small and medium-scale enterprises. This is due to lack of competition as most industries are dominated by monopolies and oligopolies; excessive regulation of the economy; and price controls which remain in force on some products after the authorities had started to dismantle price controls. The contraction in output of previously protected tobacco industry has not been offset by a sufficiently vigorous development of other export industries. Malawi is predominantly an importing and consuming nation. Over 90% of the value of Malawi’s exports is accounted for by natural resource sectors. The economy of Malawi is linked to the environment in many important ways. There is evidence that forestry resources, for example, are degrading at a fast rate of
2.6% 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 centers of Blantyre, Lilongwe, Limbe, Zomba and Mzuzu.

3.2 Education
The structure of formal education system in Malawi follows an 8-4-4 pattern comprising three levels. These levels are primary, secondary and tertiary. At each level the Ministry of Education is the main provider but is assisted by line ministries. The government in 1994 introduced free primary education. Enrolment in primary school rose exponentially exerting pressure on facilities such as classrooms and teachers. Despite the framework for Free Primary Education (FPE) having been created, there is still a need for more and better educational facilities for the enhancement of the capacity of a qualified teaching force.

Only 15% of the Primary School Leavers have access to Secondary School education. Until 1998, secondary education in Malawi was offered through conventional secondary schools and Distance Education Centers (DECs). Only about 3% of secondary school graduates are enrolled in the public universities of Malawi.

3.3 Manufacturing Industry and Privatization
During the last decade, Malawi’s large manufacturing companies such British American Tobacco (BAT), David White Head and Sons (DWHS), Brown and Clapperton (B&C) closed their operations and new establishments have been few and far apart. Interestingly, there has been an upsurge in the number of micro/small manufacturing enterprises, with some being registered whilst the majority could be considered informal. As in any poor country, the objective of promoting participation by many indigenous people in the privatized enterprises is easier said than achieved. This is due to very low average levels of income of the majority of Malawians. As a result of rapid rate of economic growth in recent years, and restrained growth of wages, the level of formal sector employment should have increased. However, owing to lack of appropriate data, one cannot say by how many people such employment has expanded or at what rate. Since the rate of growth of formal sector employment usually falls behind the rate of growth of the labour force, it is believed that the high rate of economic growth has failed to absorb all
entrants into formal sector employment. Acceleration of output growth is not sufficient to create adequate wage employment to absorb all entrants into formal sector employment. Formal sector employment growth is unlikely to be at rates comparable with labour force growth unless less capital-intensive techniques and sectors are prioritised. Therefore, the majority of the workers will, for the foreseeable future, be employed or self-employed in smallholder agriculture, forestry, fisheries or in nonagricultural informal activities, making the attainment of higher productivity in these sectors crucial for output growth, for the adequacy of household incomes to meet basic needs, for meaningful increases in employment, and for limiting pressure on limited natural resources (Chipeta, 1996).

3.4 Population growth and environmental degradation

Rapid population growth is a major concern for Malawi. The population of Malawi grew from 8.0 million in 1987 to 13.1 million in 2008 representing an increase of 38.9% in a decade or an inter-censal population growth rate of 2.8%. Population density increased from 105 persons per square kilometer in 1998 to 139 in 2008. The rapid population growth is increasing pressure on agricultural lands and the environment which are the mainstay of the economy. Malawi’s economic development and the livelihoods of its population are largely dependent on natural resources. In order for the country to experience sustainable economic growth and alleviate poverty, Malawi must conserve its valuable environmental resources. Degradation of natural resources continues to be a major threat to the social and economic development of Malawi. Malawi’s high population density and the dependence of Malawians on agricultural production in the absence of other economic opportunities have led to alarming rates of environmental degradation. The result has been deforestation; decreasing soil fertility and increasing erosion; water depletion, loss of biodiversity; and increasing pollution. These poor environmental conditions are exacerbated by poverty: in order to subsist, a high proportion of the population relies on the exploitation of natural resources such as firewood and fish stocks. In Malawi, the distribution of employment shows that in 2008, 84% of the employed (aged 15 years and above) were engaged in agriculture, forestry and fishing (NSO, 2009) indicating direct dependence on natural resources. For women, the percentage so employed was larger than the national average, at 90%. The number of people
employed in agriculture in rural areas at 90%, was higher than in urban areas at 24% (NSO, 2009).

4.0 Discussion
To achieve an economic turnaround, Malawi needs an economic growth rate of not less than 9% per annum. The real growth however stands at 4.6% although politicians claimed a 7% annual growth rate for several years. At 4.6% the economy is under performing and therefore cannot spur growth. Developing a vibrant market economy in Malawi is a priority but remains a challenge. The deliberate efforts should be made to free and liberalize the economy and remove trade barriers including prohibitive policies. This should encourage direct foreign investment and as a result create local employment. With Malawi having a well-knit extended family system creation of jobs would have ripple effects to family members and the communities. People will be able to feed their families, send their children to school and off course pay taxes.

Keeping girls in school is one of the best ways to fight poverty both in the medium and long term. The schools are well known to provide social protection to girls from HIV and AIDS. For most of the girls in rural areas, the schools are the only sources of information not only on HIV and AIDS but also for other lifesaving skills. As the case is at the moment, over 50% of the population of Malawi is under 18 years old. This is both a challenge and a huge opportunity economically speaking. The challenge is arising from the fact that in less than 10 years from now, Malawi will have to create jobs for them, most of them will have been married and start bearing children. With no jobs and no proper skills, the youths will pause a big security and developmental threat to the economic advancement of the country. Any intervention in this area is long overdue and should point to urgent action to harnessing the latent energies of this bunch of untapped resources.

The environmental degradation is taking place at an alarming rate. This is due to high levels of poverty. The environmental degradation is arising from over exploitation of the natural resources such as trees, over fishing, poor land husbandry practices leading to soil erosion. The electrical energy shortage is also exacerbating the situation. Efforts to address environmental degradation in piece meal fashion will not work. A comprehensive and aggressive move to addressing the
drivers of the environmental degradation issues is a must and not an option. With the current rate of environmental degradation taking place, not meaningful development can happen in Malawi.

5.0 **Recommendations**

Malawi government in its Growth and Development Strategy 2 has placed emphasis on Agriculture and Food Security particularly on increasing food security and agro-processing/manufacturing for domestic and export markets. Her majesty’s government could build on this in recognition of the fact that her majesty’s government is already involved in these interventions. This augurs well with Her Majesty government’s plans on Malawi Agriculture Programme- a programme that will: provide 350,000 vulnerable farmers a year with high yielding maize and legume seeds; improve value for money in the Government of Malawi’s Farm Input Subsidy Programme; increase incomes for 7,000 existing dairy farmers and enable 2,000 smallholder farmers (including 1,000 women) to move into dairy farming; and support 90,000 farmers (including 31,000 women) to increase yields and improve soil quality through conservation farming. Such investment will have ripple effects including containing environmental degradation in. Complimentary to this support could be the a programme similar to the current EU-funded Income Generating Public Works Programme (IGPWP), which aims at reducing poverty by increasing local production of fuel wood, timber and poles through community woodlots and planting on individual club member farms. Gains could also be made in agro-processing The MGDS identifies agro-processing as a priority area, covering production and processing of tea, tobacco, sugar, wheat and cotton. This strategy is key in driving development in Malawi.

There are no specific measures for creating formal sector jobs in the MGDS. The MGDS envisages that high rates of economic growth will stimulate formal sector job creation. In the absence of comprehensive data on employment, it is difficult to ascertain if high rates of economic growth have succeeded in creating such jobs. However, the UK government could support Malawi especially by introducing the Financial Sector Deepening Malawi (FSDM) which seems to be working in other countries as Kenya and Rwanda to increase access to financial services for poor people.
Coupled with what the UK government is already doing in Malawi in the area of road infrastructure, considerations should also be made to improve the rail transportation. Rail transport still remains the cheapest form of transport in Malawi. However, its usage is limited but has potential for growth especially for moving both domestic and international cargo. The development of the rail network will have to be linked to target areas such as ports, industrial sites and national borders.

In addition to what Her Majesty’s government efforts in the energy sector such as the current initiative on replacing incandescent light bulbs with two million low energy light bulbs thereby reducing peak time demand by up to 20% at a total cost of around £3 million, the proposed support could also be directed to developing other alternative forms of energy in Malawi. Electricity generation from solar panels and wind turbines has a huge potential and offers a plausible alternative. Malawi has some experience in this area especially in Thyolo. The initiative needs to be scaled up across the country. Overreliance on Shire River for generation of electricity is risky because chances of outflow from Lake Malawi receding below the minimum elevation of 474 m above sea level as was the case between 1915 to 1935 are high.

Although Malawi is on track to achieving five (5) of the eight (8) MDGs, the three remaining goals which are (1) maternal health, (2) universal primary education and (3) gender equality and women’s empowerment, Her Majesty’s government should consider investing heavily in girls education, improving sexual and reproductive health of adolescent girls and young women. Family planning services should be accessible to adolescents and young girls as opposed to the current approach where these services target older women who are exiting child bearing in most cases after already have borne six and above children. Investments could also be directed at improving skills of birth attendants. Provision of emergency obstetric care will go a long way in curbing some of the unnecessary maternal deaths currently being experienced.

On gender equality and women empowerment, the ascension of Mrs. Joyce Banda to the high office of the president of the land is a good starting point in women empowerment in Malawi. Programmes should therefore be designed aimed at increasing women participation in decision
making positions. Male involvement at community level and with traditional and religious leaders is critical in getting women in influential positions and curbing gender violence.

6.0 Conclusion
In conclusion, whilst it is extremely difficult to address all the challenges facing Malawi, tremendous gains could be made by directing investments in strategic focus areas which have potential for ripple effects. It is clear that investing in girls’ education has both short and long term benefits and should therefore be encouraged. The state of the environment in Malawi is deplorable and urgent attention need to be paid to restore the environment which is the bedrock for development and economic growth of the country. In addition to the laudable efforts by Her Majesty’s government in the energy sector, investments should also be made in alternative forms of energy such as solar and windmills. It is clear that tobacco, tea and sugar remain the key backbone industries in Malawi. However, opportunities abound in agro-processing business. It is also worthy considering supporting small to medium scale agro-processing to spur economic growth.

10 May 2012
Written evidence submitted by Mr. Stephen Carr of Private Bag 5, Zomba, Malawi

BACKGROUND

1. At a public meeting in Lilongwe on the 23rd. November 2011 the head of the DFID office in Lilongwe, Ms. Sarah Sanyakumbi said “The United Kingdom and other partners recognise the subsidy programme as one of the core interventions that have made a difference to household poverty and reduced the impact of food shortages among the poor in Malawi” (The Nation Newspaper of 24/11/2011). That understanding of the crucial role which the subsidy on farm inputs has played in reducing both poverty and food insecurity for large sections of the rural population is not confined to DFID but is recognised by all those who are truly familiar with the Malawi situation. This is an intervention which is not only closely related to the Millennium Development goals of reducing poverty and hunger, but is also fundamental to the general development of the country which cannot be implemented effectively with a population which is seriously under-nourished.

2. At the national level the subsidy on fertiliser and seed has resulted in a striking drop in child mortality (in which under-nutrition plays a major role) as well as in child stunting. At the household level the “hungry season” which affected the majority of rural households from November to March each year, has become far less severe. As someone who lives in the middle of a Malawian village I have experienced this at first hand. In 2004/05 when there was no subsidised fertiliser I could expect 10 to 15 seriously hungry people on my doorstep every morning with a number of the children too weak to walk. They were in desperate need of cash with which to buy food. Since the advent of the subsidy programme in 2005 I now have three or four destitute elderly women coming to me in a month requiring my support. My experience epitomises the difference which access to farm inputs has made to millions of Malawians.

3 More importantly than the opinion of observers is that of Malawian smallholders faced with the challenge of feeding their families on ever smaller plots of land. They see access to fertiliser and improved seed as crucial to achieving this goal. There were doubts about this issue which were voiced by some British Parliamentarians a few years ago. A small cross party sub-committee was established to look into the matter and Caroline Spellman (then shadow International Development Minister) was asked to visit Malawi and report back to Parliament. She flew out and stayed with me for several days during which time I was able to take her to different farming areas and to meet with large numbers of smallholder farmers. All made it clear to her that access to fertiliser and good seed was vital to the welfare of their families and that obtaining such access was their number one priority. She carried this message back in a speech to the Commons.

WHY IS THE SUBSIDY SO IMPORTANT IN MALAWI?

4 It is not always appreciated by outsiders that Malawi faces a unique situation in Sub-Saharan Africa. It is the only country on the continent which has population densities of up to 250 to the square km. in rural areas and yet at the same time has one growing season of some four and a half months. This density has its origins in a massive influx of
people from Mozambique between 1904 and 1939 who were moving from Portuguese to British colonial rule. This resulted in a rapid increase in the population base on which later growth would build. All the other such densely populated areas (mostly in East Africa) either have rain all through the year or have two full growing seasons. They can therefore grow perennial cash crops (coffee, tea) use perennial food crops (cooking bananas) and grow two crops of annual staple foods each year. In Malawi farmers can only grow annual cash crops which are tobacco and cotton. The former is grown by 15% of smallholders and expansion is severely limited by demand. Cotton is grown by 5% and expansion is limited by climate and land availability. The local food market is limited by the purchasing power of the 15% of the population which is urban. In consequence the majority of Malawian farmers sell no produce which is an unusual situation in Sub-Saharan Africa. As a result they have no source of cash with which to purchase fertiliser at commercial rates. Therefore unless they are given help to buy these vital inputs their families are bound to be short of food and their children will suffer the consequences of physical and mental stunting.

5. Because their holdings are so small they have rightly adopted the most efficient cereal crop available to them which is maize. This crop responds well to fertiliser, unlike the more traditional sorghum and millets, and good high yielding seeds which are suited to the local conditions are readily available. Farmers have been planting the crop for almost a century and are well versed in its fundamental husbandry. Research has established the most appropriate fertilisers to be used on the crop and farmers have built up a sound knowledge of how best to use these inputs following on some years of the subsidy programme. In consequence we have a situation in which a highly effective technology has been developed, it is known by farmers and wanted by them and the only limit on its adoption, with a consequent minimising of food insecurity, is the lack of cash in a farming community which has no high value cash crop which could render them independent of the need for a subsidy for the inputs needed for their food staple.

WIDER ISSUES

6 There are those who would favour the use of the funds required for the fertilise subsidy for the importation of maize rather than of fertiliser as being a more certain method of ensuring food availability. This approach appears to ignore three essential issues. The first is that of transport. As a rule of thumb one ton of fertiliser under the conditions which apply in Malawi will produce five tons of maize. With long and expensive overland haulage routes it makes a great deal of sense to minimise transport costs by bringing in fertiliser. Secondly when a family makes one purchase of fertiliser the result is that they have food available to them on a continuing basis and on their “doorstep” for a year. The alternative is a high cost monthly delivery of food aid which is typical of emergency feeding programmes and which, because of their organisational complexity, are open to widespread abuse. Thirdly and most importantly the World Bank reckons that the country is losing some 250,000 tons of plant nutrients per year. Less than 10% of this is being replaced from all organic sources (manure, compost, leguminous plants) and the rest has to come from inorganic fertilisers. If these nutrients are not replaced, as was the case in the past, the
result is a steady deterioration in the quality of the nation’s soils. If this is allowed to continue then an ever increasing population will have an ever declining soil resource from which to feed itself. This is a major issue and yet so many comments on the worth or efficacy of the subsidy programme fail to factor into their calculations the large value of maintaining soil fertility for future generations.

7 Too little weight also seems to be given to the future value of having children who are not submitted to annual bouts of serious under-nutrition. Neither is adequate attention given to the benefit to the country of having a large section of its population which is not dominated by the concern of finding enough food each day to the exclusion of most other activities. This was all too often the situation before the subsidy programme and provides a poor basis for national development. Finally evaluations appear to ignore the benefits of the freedom from social unrest which would accompany the chronic food shortages which would follow a suspension or drastic reduction in the subsidy, and the consequent denial of access by farmers to crucial farm inputs.

THE CURRENT SITUATION
8 There was a considerable reduction in the extent of the fertiliser subsidy programme in 2011 and this is reflected in a substantial drop in this year’s harvest. The price of grain in local markets this year at the start of the harvest was more than twice that of the previous season which reflected the traders’ judgement of the actual situation. The indications are that food prices will be high by the end of the year. It will be vital for the stability of both the government and the country that people are able to look forward to a good harvest in early 2013. The size of the harvest is closely linked to the amount of fertiliser used on the maize crop. High prices resulting from the devaluation will depress the demand for fertiliser at commercial prices and this will increase the importance of the subsidy programme. It will be essential that a generous and well organised fertiliser subsidy programme is put in place this year. Given the increase in the population the aim should be to have a subsidy on not less than 200,000 tons of fertiliser if a reasonable level of household food security is to be achieved.

9 An effective subsidy programme is not only pivotal to achieving adequate staple food supplies but also to the political stability of the country. For the 85% of the population based in the rural areas the main benefit from government which they perceive comes from making fertiliser available to them at a price which they can afford. If the lack of donor support results in a severely limited subsidy programme it will have serious implications for the new government and open the door for destabilising political divisions within the country. This is the last situation which the country needs as it starts to climb out of the pit which was dug for it by the last government.

A DONOR ROLE?
10 Household food security with its implication for the relief of hunger and the easing of poverty are not just Millennium goals but, combined with political stability, are of fundamental importance to the development of the country. Malawi’s population is overwhelmingly rural and the productivity of its farms is fundamental to national wellbeing. Access to essential agricultural inputs is the key to productivity and in Malawi
most farmers need the help of a subsidy in order to gain that access. Donors have played a crucial role in making this programme work but there is room for a good deal of improvement in its management and cost effectiveness. This includes more efficient and transparent procurement and distribution and a sharp reduction in the levels of corruption which have steadily increased in recent years. The previous government was unwilling to accept any donor intervention regarding these issues. The new government will certainly be asking for help with a subsidy programme and will be anxious to be seen to improving on its efficiency and on limiting the corruption which marred both the reputation of the programme and the last government. This would provide an excellent opportunity for donors to link their contributions to clearly defined improvements in management, a greater involvement of the private sector in distribution and to increased punitive action by government against those undermining the programme by their corruption. DFID took a lead among the donor community in supporting the input subsidy programme from its outset and it is in a strong position to take a leadership position in improving on the effectiveness of a programme for the coming season, which will be particularly important for the welfare, the stability and the development of the country. There will be many legitimate calls on renewed donor aid in other fields but if these initiatives are being built upon the foundation of hungry people and high levels of child mortality and stunting they will be of reduced effectiveness in achieving development. To ensure household food security in Malawi involves making fertiliser and good seed available to farmers and at the present time a subsidy is essential to providing that access.

Stephen Carr has spent 60 years working with small scale farmers in Africa. Many years were spent on grass roots agricultural development but he also headed up and rebuilt the crop section of the Ministry of Agriculture in the Southern Sudan at the end of the first war in 1972. He served as agricultural advisor to the Prime Minister’s Office in Tanzania and was Principal Agriculturalist for all of Sub-Saharan Africa in the World Bank. He has lived in a village in Malawi for the past 23 years involved in both agricultural development initiatives and national agricultural policy issues.

10 May 2012
Written evidence submitted by Andrew Dorward and Ephraim Chirwa

How can the UK best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi?

Executive summary:
Malawi faces major long term structural challenges to economic development, and these have been compounded by its recent economic policies and the collapse of tobacco exports. The new government needs to manage difficult adjustments, and establish broad based growth while rapidly finding alternatives to tobacco. The Farm Input Subsidy Programme has the potential to play a major role in both managing short term economic adjustments and welfare needs and stimulating the structural change needed to break out of the ‘low maize productivity trap’ that afflicts millions of poor people and the wider economy. DFID, building on its achievements in the past, can play a critical role in supporting this programme and opportunities for improving its effectiveness and reach in a challenging environment.

Biographical information:
Andrew Dorward is Professor of Development Economics, School of Oriental and African Studies, University of London. He has long term personal and professional links with Malawi. He started his professional career in agricultural development with a posting to Malawi 35 years ago. He has continued to work in and on Malawi on and off since then, also pursuing wider development interests in other parts of Africa and in Asia and Latin America. His publications include work on Malawi and on wider development processes and policies.

Ephraim Chirwa is Professor of Economics, Chancellor College, University of Malawi. His research extends across different sectors of the Malawi economy, but in recent years has focussed particularly on study of the welfare and economic impacts of health, education, agriculture and social protection policies in rural areas.

Andrew and Ephraim have together led DFID funded evaluations of the Malawi Farm Input Subsidy Programme since 2006, with biennial household surveys and annual analysis of implementation. They are currently working on a book on Agricultural Input Subsidies in Low Income Countries – the Malawi Experience to be published by the Oxford University Press.

Submission
1. The Malawi economy has suffered from major and long term structural imbalances in terms of its heavy reliance on tobacco for trade earnings, its structural trade deficit and reliance on donors for foreign exchange, high rates and severity of poverty, very large numbers of people engaged in maize production with very low land and labour productivity, poor infrastructure, and small industrial and service sectors.
2. These structural imbalances affect the foreign exchange account, government budget, growth opportunities, and vulnerability of the economy to economic and climatic shocks. They also affect the ability of the government to deliver services and infrastructural investment, imposing further constraints on economic and social development.
3. From 2004 to 2009 budget deficits, interest rates and inflation were cut back, while the economy grew and poverty measures fell, and social indicators improved – even allowing for possible optimism in some official figures. This was due to strong and effective macro-economic management, generally good weather for agricultural production, good tobacco prices and improved food security and real wages as a result of the Farm (or Agricultural) Input Subsidy Programme (FISP).

4. DFID played a significant role in these achievements through various channels of support to the government. We note in particular the role of budget support and the strong and imaginative role played by DFID in its support for and influence on the Farm Input Subsidy Programme (see below).

5. From 2009 to early 2012, however, political and economic policies have undermined and reversed the gains of the previous years and exacerbated Malawi’s structural imbalances: tobacco prices and volumes have fallen, aid receipts were frozen, fuel and electricity shortages depressed productivity, prices rose, and government services and investment were cut.

6. The new government faces a daunting set of immediate challenges as it seeks to turn the economy, deal with short term problems, and establish a longer term path for growth and development. While immediate tasks are to realign the exchange rate, recover the ability to finance essential imports, and to manage difficult adjustments, the likely permanent loss of tobacco earnings presents a major challenge. The need to diversify the economy away from its reliance on tobacco is now inescapable.

7. These challenges need to be set in the context of wider processes of change. The Malawian people and their economy face major threats from growing risks of rainfall variability as global climate change intensifies. These threats are intensified by declining soil fertility with current maize cultivation patterns and by rapid population growth with a predicted tripling of the population by 2050 unless there are major declines in birth rates (National Statistical Office, 2011). There are and significant prospects for foreign exchange earnings from minerals, but these will take time to come on stream and pose substantial risks – environmental, political and economic – which may lead to limited benefits for the poor and for wider economic growth unless mineral earnings are very carefully managed and invested, initially at least, in agricultural intensification (Poulton and Dorward, 2008).

8. From our long term engagement with the Malawian economy as a whole and with the agricultural sector, and from intensive study of the Farm Input Subsidy Programme (FISP) since 2006, we are convinced that this programme has the potential to play a major role in both managing short term economic adjustments to reduce both short and long term welfare and economic damage to the majority of Malawi’s people, and to stimulate long term processes of broad based and more resilient growth. DFID, building on its achievements in the past, can play a critical role in supporting this programme and opportunities for improving its effectiveness and reach in a challenging environment.

9. Evaluation studies of the FISP (funded by DFID) are unique in Africa as regards the quality, scope and integration of data sets over the life of any input subsidy programme. These have been complemented by a number of other farm level studies (for example Chibwana et al., 2010a; Chibwana et al., 2012; Chibwana et al., 2010b; Holden and Lunduka, 2010a, b; Holden and Lunduka, 2012)). Although there are inevitable data gaps, there is widespread agreement that the programme has been successful in promoting maize production in rural areas and in improving food security (Dorward and Chirwa, 2011a). There is also evidence of increases in real
wages among the rural poor. Early and widely cited estimates of the benefit: cost ratio of the programme were variable but greater than one, but omitted consideration of wider indirect benefits from the programme (Dorward and Chirwa, 2011a). More recent estimates that take account of this give higher and very favourable benefit:cost ratios (Dorward and Chirwa, 2011b).

10. This is despite recognition that (a) programme design and implementation have been evolving in a generally favourable way (b ) there are still opportunities for substantial improvements in programme design and implementation programme, and (c) there are further potential benefits from the programme to make substantial, long term and fundamental structural contributions to Malawi’s economy (Dorward and Chirwa, 2011a). We discuss these in turn.

11. **Evolution of programme design and implementation:** Since the inception of the programme in 2005 the design and implementation of the programme have evolved in a number of positive ways, principally the inclusion of hybrid maize seeds, the inclusion of legume seeds, the exclusion of tobacco fertiliser, sales of subsidised seeds through competitive private sector retailers, a shift in relative balance of recipients towards the southern region (with greater population density and poverty incidence and severity), earlier input subsidy and delivery, changing beneficiary registration and targeting procedures, and improved logistical systems and programme monitoring. These changes have been implemented by the Ministry of Agriculture, Irrigation and Water Development (MoAIRD) supported by development partners, but DFID has consistently played a major and critical role in supporting both the identification and discussion of issues and the trialling of innovations. It has also facilitated key financial innovations to reduce programme risks. There are clear improvements in programme outcomes associated with DFID’s engagement with and investments in the programme.

12. **Opportunities and challenges in programme design and implementation:** There are significant opportunities for further improvements in programme design and implementation regarding timing of input delivery, targeting of beneficiaries, fertiliser specifications, involvement of the private sector in retail sales of subsidised fertiliser, associated audit systems, extension support, and ‘graduation’ (the progressive scaling down of the subsidy without undermining sustainable livelihoods and growth processes). There are further and hitherto little explored but very significant opportunities for better integration of the programme with policies on maize markets, rural enterprise diversification, infrastructure development, and organic soil fertility management through for example some conservation agriculture methods. We discuss these below in the context of potential FISP contributions to structural change in Malawi. First, however, it is important to note that the programme also faces challenges as a result of difficulties experienced in the 2010/11 and particularly 2011/12 seasons. In the latter season foreign exchange and fuel shortages led to acute logistical problems, late input deliveries, and widespread expectations of late and limited supplies in the context of rising prices and shortages of unsubsidised fertilisers. This made access to subsidised inputs doubly valuable, and there are widespread anecdotal reports of diversion of inputs and demands for extra redemption payments. Reversing this will be a major and important challenge for the programme.

13. **Potential FISP contributions to structural change in Malawi:** The Malawian economy has hardly developed since colonial times in terms of its heavy dependence and engagement in low productivity maize production – with 97% of farmers growing maize, which occupies around 70% of smallholders’ cultivated land but generates low average yields. This low productivity
means that most Malawian farmers have not been producing enough maize to meet their subsistence requirements (School of Oriental and African Studies et al., 2008). However, fear of high prices when buying maize together with lack of employment opportunities or markets for other products alternative prevents such farmers from leaving maize production. As a result these farmers and a very large part of the Malawi economy as a whole are caught in a ‘low maize productivity trap’ (Dorward and Chirwa, 2011a). The FISP provides an opportunity for breaking out of this as it raises land and labour productivity which should in turn raise poor farmer incomes, tighten labour markets, raise wages, loosen maize markets and lower maize prices. Higher incomes should stimulate demand for a more diverse set of foods and non-farm goods and services. At the same time higher land and labour productivity should release land and labour for the production of this more diverse set of foods and non-farm goods and services, and poor farmers should be willing to reduce their maize cultivation and rely on market purchases if they are confident of both low maize prices and sustained demand for employment and non-farm goods and services. If diversification involves cultivation of legumes this may provide opportunities for greater efficiency and lower fertiliser use through integration of inorganic and organic soil fertility management.

14. There is some evidence of these processes in the period 2005/6 to 2009/10, but they were significantly undermined by high maize prices. Realisation of these changes requires not only effective and sustained – but in the medium to long term time limited – investment in FISP but also complementary policies that help to (a) stabilise maize prices (with for example weather index insurance and import options) , (b) facilitate diversification (with investment in infrastructure and small scale enterprise development) and (c) promote legume and integrated soil fertility management (with promotion of legume seed and some aspects of ‘conservation agriculture’).

15. DFID has in the past 6 years worked effectively with the Government of Malawi and with other development partners on all these issues. It now has the opportunity to build on this engagement and experience and on the trust and reputation that this work has generated to make a very substantial contribution to the Malawi Government’s work in turning the economy round and stimulating long term processes of broad based growth, poverty reduction, and social development.

References


16 May 2012
Further written evidence submitted by Andrew Dorward

On the specific issue of private sector involvement, the private sector is heavily involved in importation of fertilisers. It was involved in sales of fertiliser for two years (2006/7 and 2008/9). The Government’s medium term plan indicates an intention to reinstate this - modalities have to be worked out, trust has to be developed, and this may take time. It remains to be seen how things will develop. Vouchers have been used from the start of the programme, for both fertilisers and seeds. In 2011/13 DFID arranged for their printing, and the consequent improved security features and systems were very successful.

June 2012
Written evidence submitted by Médecins Sans Frontières

Summary:

1. Evidence shows that there is risk for Malawi to reverse good successes that have been made toward reaching Millennium Development Goals (here we refer to MDG 6: Combating HIV/AIDS, malaria, and other diseases). Currently, the two main threats that this success faces are lack of funding and shortages of Human Resources for Health to deliver quality services. If funds and support are not sustained and targeted to focus on the main gaps in funding and technical support. Médecins Sans Frontières sees that the potential to reverse epidemic trends (such as HIV, TB, malaria and measles) is now very much under threat.

2. It is important that DFID maintains its momentum of support for HIV/AIDs, malaria and TB through this the Global Funding mechanism as it is represents an extremely large proportion of the funding made available to Malawi in order to achieve and maintain their success in treating these diseases, and therefore achieving MDG6.

3. With regard to DFIDs commitment to improving people’s health through the delivery of basic services focused on achieving results, in particular for the expanded programme of immunization (EPI) to ensure a second opportunity for measles immunization is provided for all children.

Introduction:

4. Médecins Sans Frontières (Doctors Without Borders, MSF) is an independent international humanitarian organisation that delivers emergency medical aid to people affected by armed conflict, epidemics, natural and man-made disasters or exclusion from health care in more than 60 countries. In Malawi, MSF supports approximately 60,000 men, women and children living with HIV/AIDs with anti-retroviral treatment in 3 programmes. In 2003, MSF started providing ARV treatment to people with HIV in Malawi, evolving into mother and child health transmission and the detection of treatment failure and treatment of paediatric HIV. MSF is also assisting the MoH in providing decentralized health care for HIV and tuberculosis from district level hospitals to community clinics and rural health posts. It was in 2007, when MoH programs with MSF support achieved Universal Access to ARV treatment. This was accomplished through a combination of decentralization of services, task shifting from clinicians to nurses and the simplification of testing and treatment protocols. As of December 2011 nearly 80,000 patients had ever started ARV treatment through Ministry of Health facilities, with support from MSF. Additionally, in 2010 Malawi experienced its worst outbreak of measles since 1997: 134,039 cases and 304 deaths were reported. During this emergency MSF teams supported the Malawian Ministry of Health (MoH) to deal with the outbreak, conducting case management in 14 out of the countries 28

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districts and vaccination campaigns in 8 districts. Overall 3.3 million children between six months and 15 years old were inoculated and nearly 23,000 people were treated for measles by MSF.

**Factual information:**

*How the UK can best help to improve opportunities for help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets in Malawi*

**Combating HIV/AIDS, malaria, and other diseases**

5. Malawi is one of the world's 'least developed' countries, and one of the ten countries most affected by the HIV epidemic, with an estimated adult HIV prevalence rate of 10.6% - or 960,000 people – living with HIV and an estimated 50,000 new HIV infections annually (UNAIDS). As of June 2011, 276,787 people were alive and on antiretroviral (ARV) treatment, or 67% of those people who need it.

6. However, only 19 to 24% of eligible children are receiving ARV drugs.

7. The significant scale-up in ARV treatment coverage in Malawi was largely made possible by the country's public health approach to the epidemic. This has included simplified treatment protocols, decentralising HIV care to primary health care levels, and task-shifting amongst healthcare workers in the face of critical human resource shortages.

8. In recent years access to treatment has increased substantially, with ARV treatment services now available in 650 of the country's 772 public sector health facilities. A regression model considering antenatal care data from 2000-10 shows a 57% decline in HIV prevalence over the decade. It is vital that DfID supports a continuation of this momentum as part of their country plan for development in Malawi.

9. Due to persistent internal economic constraints, the country remains almost entirely dependent on external funding for its HIV response. According to UNAIDS, Malawi funded only 1% of its HIV programming in 2011. However, HIV commodities still represent 56% of the total health budget. Much of the external funding comes from the Global Fund, which is responsible for procuring essentially all of the country's HIV test kits and drugs, including ARVs. The country's Round 10 proposal to the Global Fund was rejected, largely because it was deemed too ambitious.

10. Current objectives for ARV treatment can be achieved by 2015. However, the process has started with funds available through the Rolling Continuation Channel (RCC) of Round 1 GF funds, which will only be sufficient until 2014.

11. After 2014, the major source of HIV treatment and care funding will run dry and future funding for HIV treatment will largely be dependent on procuring a new Global Fund grant. Despite Malawi's best intentions, full implementation of these updated WHO guidelines and other programmes has been hindered by severe funding constraints. In addition to treatment are care, GF funds have been key to the retention of Malawi’s limited health care workers. Malawian human resources for health has largely depended on a GF initiated 52% salary top up that will also run out of funding very soon. The salary top
ups are directly linked to reduced emigration when in 2002, 103 Nurses emigrated; in 2003, 108 nurses emigrated, but in 2009 only 16 migrated. The top up funding gap between June 2012 to 2014 is estimated to cost about 12 million USD. Retaining health staff once trained is another difficulty. Interventions in infrastructure development, such as housing for health workers in rural and hard to staff areas, is essential. The Umoyo housing program, as well as MSF direct interventions, had targeted specifically this need, but there is still lots to be done in terms of retention strategies.

12. Additionally, Malawi faces huge challenges with their pharmaceutical supply system known as Central Medical Stores Trust (CMST). Frequently there are stock outs (even of ARVs), delayed deliveries and other problems. The problems were so severe that donors insisted on creating parallel supply chains in order to actually get the pharmaceuticals to the hospitals, health centers and patients. CMST is receiving technical assistance from an external management company, funded by GF as well, but this initiative is only for a short period. After that, the situation is uncertain. Without strong supply chain management, all health service could be disrupted, including ARV distribution to patients.

13. Malawi plans to further scale up treatment and by 2015, have 550,000 people alive and on ARV treatment. The country adopted the latest WHO guidelines to provide timely ARV treatment at a CD4 count of 350 and has adopted tenofovir (TDF), the WHO-recommended first-line drug. Additionally, enhanced diagnostic tests were included with plans for scaling up. Constraints to this noble endeavor are that HRH gaps will widen with anticipated shortages of Global Funding for HIV and TB programs. Malawi’s adoption of new WHO guidelines means an increased patient load for staff and this consequently demands an increase in the number of health workers, especially to ensure the basic levels of quality service delivery. MSF, in its projects, is increasingly witnessing the challenges of implementation of the new WHO guidelines on the overstretched and fragile human resources for health. If no intervention is implemented to specifically address this, Malawi risks reverting back to staffing levels pre-2004, before the implementation of the Emergency Human Resource Plan, and all its fragile gains.

14. Through the Emergency Human Resource Plan (EHRP) 2004-2010 Malawi has addressed the HRH crisis by raising salaries, incentives, improving working conditions, investment in training institutions and scaling up of pre-service training. Although these strategies have contributed to considerable improvement of the HRH situation, much remains to be done. The EHRP evaluation stated that the HRH Crisis in Malawi is over, yet realities on the ground as consistently witnessed by MSF indicate that the crisis is far from over. Clinton Health Access Initiative in their Nurses Training Operational Plan (NTOP) estimates that still after the EHRP intervention, Malawi is operating with 33% of the required Health Care workers. Primary reason for the shortages is due to insufficient training institutions specifically for Mid Level Cadres. In 2012, the Ministry of Health estimates an average vacancy rate of 65% across all cadres.

15. Of concern and pertinent for the UK Government’s department of international development, in order to help Malawi to get closer to meeting the Millennium Development Goals, is attention has to be given to the impact of the current scale back of implementation of the new guidelines due to funding shortages. In particular, after Malawi failed to secure funding through the GF Round 10, proposed funding that had included a scale-up of the new regimen with a total budget of US$560 million.
16. Relevant to DfIDs strategic ambitions for HIV, Malawi’s new national guidelines include lifelong treatment for all HIV-positive expectant mothers (PMTCT Option B+). In planning for the roll out of Option B+, which started in June 2011, the country continues to expanded ARV treatment sites, currently at 650 as of January 2012 and climbing, and trained nurses at peripheral health structure level in ARV treatment initiation and follow-up care. This is expected to decrease the mother-to-child transmission rate, which in 2010 was estimated at between 22% and 42%. Malawi’s Option B+ program was the first in the world and stands as an example to follow. It is also the cornerstone of Malawi’s EMTCT program (Elimination of Mother To Child Transmission), an ambitious goal now being promoted by UNAIDS. DfID attention to this in the bilateral support that they give is essential.

17. Likewise the detail of UK support to universal access to ARV treatment for children under two years of age and the integration of ARV and PMTCT to include a family centred approach to, both of which are key elements in the Malawian clinical guidelines.

18. The absence of alternative donor support means Malawi had to postpone implementation of the full package of WHO recommendations to all in need. Now only newly-diagnosed HIV-positive pregnant and breastfeeding women, patients co-infected with HIV and TB, and those with severe side effects are eligible to start on TDF-based regimens. Other planned initiatives, such as increased access to viral load monitoring, improved early infant diagnosis, and scaling up voluntary medical male circumcision, have been scaled back or postponed until further funding becomes available.

19. Malawi's future funding situation is extremely precarious. Malawi planned on applying for Round 11, which has since been cancelled. Most of Malawi's existing GF grants expire in early 2014, with the exception of the TB Grant which expires December 2012. Without additional funding, there is a significant risk of bringing to a stop Malawi's ambitious plans to scale up its HIV programme, and of potentially interrupting continuity of treatment from early-2014 onwards.

Measles:

20. What has been proven through the dramatic measles epidemic of 2010 gains in the expanded programme of immunization (EPI) as with other development goals may be quickly lost or event reversed. Malawi, given its resource limitations, is unable to provide the necessary equipment and human resource to adequately conduct its routine vaccination campaign. Issues of cold chain at rural health centers is a complicated, costly and difficult challenge for the MoH to overcome, and a principal reason for lack of success with EPI.

21. Malawi experiences supplementary immunization (SIAs) activities with perceived adequate intervals (of 3 to 4 years) and good coverage, as well as a reinforced routine vaccination, the suspected increase in numbers of susceptible children born after SIAs may result in small-to-moderate-sized measles outbreaks.

Recommendation for action:

22. MSF stresses the need to increase the pace of scale-up for HIV and TB treatment, and to include optimal HIV treatment (earlier treatment with better drugs and diagnostics) in line with international
standards. Key action areas, as described above, include provision of quality drugs and diagnostics as well as increased HRH and retention strategies. DFID’s bilateral support and support through multilateral funding should reflect this principle.

23. Sustained attention to the human and technical resources needed to deliver EPI programmes is needed in order to avoid reversal of MDG progress made.

24. UK Government support to Malawi must acknowledge that the potential for Malawi to meet its objectives are contingent on international support, both through pooled and discrete funding.

23 May 2012
Introduction

1. The International Development Select Committee has asked CDC to submit a memorandum in respect of its inquiries into Zambia and Malawi and what CDC is doing in these countries. The Committee has also requested an update on what CDC’s forthcoming business strategy will mean for its investment programme in Africa.

2. This submission will start with an update on the forthcoming business strategy as this will give important insight and context to what we are planning to do across African economies including Zambia and Malawi. The submission will then address our existing work in the two countries.

The forthcoming 5-year CDC Business Strategy and its implications for CDC investment in Africa

Context

3. CDC’s forthcoming strategy confirms and builds on the previously radically changed high level business plan produced in the summer of 2011. The strategy will lay the foundations for a distinctive, effective DFI with a greater appetite for risk and a sharply focused development mission, as agreed with the Secretary of State for International Development (the Shareholder).

4. The new strategy means we will tighten the geographies where we invest – our investments will now focus on Africa and South Asia and within these regions CDC will direct capital to target investments that are consistent with our mission to have high development impact and take greater risk, yet still achieve a return.

5. Three fundamental criteria will guide our investments in Africa:
   - Building businesses and creating jobs;
   - Directing capital to hard places; and
   - We will maintain a commercial approach to investing as no impact is achieved if businesses are not economically viable.

   Taken together these criteria will ensure that our capital is invested in hard places doing hard things.

An overview of our new investment approach in Africa

6. The strategy also means we now have more ways of getting our capital to work beyond the fund-of-funds model. The three primary means at our disposal enable CDC to meet more of the needs of capital-deficient countries in Africa for different forms of patient investment. They are:

   - **Fund investing.** This will still be an important part of the strategy;
   - **Debt.** The direct provision of loan finance (in all forms) to businesses; and
   - **Direct Equity Investing.** CDC has a long heritage of investing directly in businesses, financial institutions and infrastructure and is returning to what is now a wholly new business area for us.
7. In addition to shifting its investment portfolio towards harder geographies, more developmental sectors and new ways of investing we will give greater focus to understanding and demonstrating our development impact.

8. The following section will give the Committee a guide to what we expect to deliver through the three primary means of investing.

**Fund Investing – what the strategy means for investing in businesses in Africa through private equity funds**

9. Currently, the risk capital market across Africa is currently about 1/5th the size of the market in London and S.E. England, but excluding South Africa and Egypt this figure falls by 80%. The market remains nascent despite the number of fund managers growing significantly in Africa in the last 5 years, from a small base to around 150. CDC’s capital represents about 13% of total raised by risk capital funds, making CDC an important player in this market. Fundraising remains difficult with DFIs like CDC still continuing to provide much of the capital for investment. CDC’s role in backing first-time investment teams has been and remains vital because most investors prefer only to support tried and tested teams.

10. Fund investing will continue to play an important role for CDC in developing Africa’s private equity markets but we will reorient our approach to match CDC’s development mission. We will be explicit about what we want to achieve with our capital: business building, creating jobs (directly or through vital infrastructure) and investment in harder places. We aim to commit over US$1bn in Africa over the next five years through risk capital funds.

11. Specifically, our new strategy will mean:

- We’ll look at funds that help job creation in Africa, both directly by helping businesses grow and indirectly, by creating and improving the essential infrastructure which encourages the environment for job creation;

- We want to have greater impact in funds backing infrastructure and SMEs, but also in access to finance and agribusiness;

- We want to support funds that will get capital into fragile states. For example, we were the anchor investor in the first fund to invest in Ethiopia and we are currently looking closely at proposals to do more in Sierra Leone and Liberia;

- We will also look at funds which invest in businesses likely to be able to scale-up at a regional level. This scaling-up will mean that businesses expand into neighbouring countries that would otherwise not be a direct target for fund managers;

- We will maintain a balance of diversified strategies across pan-African, sector-focused, regional and SME funds

- A continued focus on developing the private equity sector, especially through supporting the creation of new funds. We would expect to commit similar amounts to new relationships and to existing relationships over the next five years, with on average around US$100m p.a. committed to each category; and an
- Increased risk profile which may lead to the risk of lower/negative returns. While we accept this risk, we will continue our investment discipline of only backing teams with the potential to deliver positive net financial returns, in order to protect taxpayer’s money.

12. This approach will ensure that CDC’s reach through our fund managers is significantly enhanced towards the harder countries in Africa. A number of our fund managers have demonstrated their ability to direct our funds to those target markets, and we will actively seek to extend our network via new, promising teams, aligned with our new and clear strategic direction.

**Debt Investing – what the strategy means for CDC’s provision of loan finance**

13. CDC’s current debt portfolio is the product of our 2004-11 funds based approach and is focused outside CDC’s current priority geographies. CDC has a very small share of the DFI/IFI debt market in Africa. Following the financial crisis, international commercial banks have reduced their exposure to Africa and CDC has identified an opportunity to help plug this gap. We are now building a team at CDC to execute the strategy and to deliver development impact and financial returns, particularly in economies where the need for debt capital, especially long-term debt, is very acute.

14. Our forthcoming strategy will mean CDC:

- Looks to invest a range of ways, including debt funds, co-financing with other DFIs, risk sharing with selected international commercial banks and in direct loans to African financial institutions;

- Builds a broad debt portfolio including infrastructure and corporate loans, credit lines to financial institutions and selective trade finance facilities focused on the more challenging parts of Africa;

- Continues to invest in microfinance through microfinance private equity funds, microfinance holding companies, microfinance debt funds and direct investments in microfinance institutions.

**Direct Investment – what the strategy means for CDC’s plans to provide direct equity in Africa**

15. CDC has a long heritage of investing directly in businesses and infrastructure but in recent years has moved away from direct investing. We now want to re-connect CDC to the best of its heritage by returning to what is now a wholly new business area for us. Building a new direct equity investment portfolio means we can carefully target businesses with the best possible development impact. However, the process will take time and the recruitment of new staff and skills into our business.

16. The strategy will involve two approaches to direct investing which build on CDC’s advantages - the ability to provide patient, long term capital and, if necessary take majority stakes in businesses – but also reflects the reality that CDC is no longer an organisation with hundreds of employees located across Africa. In the first instance, through **Co-Investment** alongside partner organisations. The second, which is likely to come into effect later in the five year plan, will be what we call **Corporate Pioneering**, where we provide substantial, direct, long-term investment in
businesses that we have chosen because of their potential for large-scale growth, high calibre management teams and development impact across poorer economies.

17. The Co-Investment approach will mean CDC:

- Invests in businesses alongside private equity funds and other DFIs. This will allow us to build on our existing, strong relationships and to use the expertise, resources and local staff of our partners,
- Supports businesses that are creating jobs and building infrastructure in Africa, prioritising the most developmental investments in smaller/more challenging countries;
- Will be able to start investing quickly with investments of between US$10m and US$50m for general businesses and between US$20m and US$100m for infrastructure projects;

18. The Corporate Pioneering approach, which will take between one and two years to begin, will mean that CDC:

- Builds a small number (circa 1 p.a.) of businesses, ramping up to become major investments over time ($50-200m). These businesses will expand into new markets and countries, providing jobs and opportunities in some of the most challenging economies in Africa;
- Develops high-calibre local management to achieve lasting development impact;
- Invests over very long (10 years+) periods where, in some cases, returns can be very uncertain;

CDC in Zambia

19. We recognise that Zambia has made some good economic progress in the last decade and is now a lower middle income country. Rising foreign investment and good macro-economic policies have helped deliver improved prosperity but significant challenges remain for businesses and for investors. While considerable investment has gone into mining, the country now needs to take steps to encourage private sector growth in areas other than copper alone.

20. CDC currently has 8 investments through funds in Zambia totalling approximately £5.2m. This compares to FMO (the Dutch DFI) EUR55k investment in the country, DEG’s (Germany) at around £8m and no current investment in the country by Swedfund. CDC’s investments include businesses in financial services, agribusiness, mining and real estate. Our biggest investment is in Golden Lay, the largest table egg producer in Zambia’s copper belt, accounting for 15% of the total Zambian market. However, under our new investment strategy we are now able to pursue direct investment opportunities and we are currently undertaking due diligence on an proposal that would far outweigh CDC’s current level of investment in the country.

20. CDC’s investments in Zambia represent just under 0.8% of our total Africa portfolio. Zambia’s large geographical size, relatively small population and lack of regional integration has meant that there have been few good opportunities to invest
for the fund managers with whom we commit capital. We now see this changing as some of the new partners with whom we have recently invested are now targeting opportunities, particularly agribusiness, in the country.

21. CDC currently has only one fund manager, Aureos, with a physical presence in Zambia but we have worked closely with another SME fund manager, GroFin, to encourage and support them to set up an office in the country. GroFin’s decision to do so will mean the flow of capital to promising SMEs in the country is likely to increase.

**CDC in Malawi**

22. Malawi faces far more significant economic and development challenges than Zambia, with the last 18 months in particular seeing a very worrying trade deficit and falling foreign exchange levels. There are significant challenges to growth, not least the poor infrastructure and over-reliance on agriculture. Investment opportunities are few and far between and given the relatively undeveloped nature of the economy, CDC sees the more likely immediate investment opportunities to be in loan finance, to which our new strategy is returning, although there is an appetite to fund a small, pioneering private equity fund to stimulate the very nascent entrepreneurial if we could find a credible and talented local team to support.

23. CDC currently has two investments in Malawi, both made through funds, worth around £0.75m. These are a stake in Celtel Malawi and a more recent investment (early 2012) in NBS Bank, Malawi’s third largest bank in terms of loans and deposits. This latter investment was designed to support its capital base and help it increase lending to small and medium enterprises, including those in the agriculture sector.

24. Diana Noble, the CDC Chief Executive is travelling with the Secretary of State for International Development to Malawi at end of May for a fact-finding mission and will be meeting President Banda. Given that the Committee has asked the Chief Executive to speak at an evidence session on June 13, this may present the Committee with an opportunity to hear more from her about the opportunities and challenges for investing in Malawi.

23 May 2012
Further written evidence submitted by CDC Group

During the 13 June oral evidence session, CDC’s Chief Executive Diana Noble committed to answer in writing two additional questions put to her by the Committee.

Question 1:

Can you commit to give us a written response on whether Malawi Mangoes’ bid for (equity investment) support has been supported or not, and can you provide in writing the reasons why a decision has been taken either way?

CDC Response:
CDC met executives from Malawi Mangoes some months ago to discuss the possibility of equity investment in the company. We explained to the management of the company the background to the changes we’re currently undertaking at CDC and the implications this has for investing in companies such as theirs.

While we are unable to make a direct investment in Malawi Mangoes, we have referred this deal to a specialist agricultural fund manager that CDC has backed in the past. They spent a considerable amount of time assessing the opportunity before deciding not to proceed with it.

The Committee will recall that in her oral evidence Diana Noble explained how CDC is rebuilding from scratch its direct investment capacity – the key points being that we will only start investing directly in two ways; either through co-investments alongside other DFIs and funds; or directly through a ‘corporate pioneering’ approach in larger businesses that have the potential to scale up very significantly and have a major impact across a number of countries or regions.

We currently have a team of 3 people in London dedicated to direct investments, and hope to build this team steadily to 6-7 by the end of the year. But there are no local offices to manage investments. We are focusing largely on our strategy to co-invest alongside funds and DFIs who have the resources to originate, execute and manage deals and this means that we cannot currently begin to invest in and give the necessary close management required to a large volume of relatively small deals such as Malawi Mangoes.

Question 2:

The Africa Enterprise Challenge Fund, which is invested in substantially by DFID, helps set up or grow a lot of businesses around Africa. It is purely grant driven. DFID retains no equity stake, which I think is a mistake. I have said in the past that CDC would be a very good organisation to run these stakes once the investment had been made through AECF. Is that being looked at since we have raised it in the past?

CDC Response:
At present, AECF only makes grants or loans to SMEs in Africa. We understand that the AECF team are currently undertaking research into the medium to long-term
financing needs of the types of businesses they have previously supported. The decision to make direct equity investments lies with DFID and AECF.

Should AECF consider making equity investments in the future then CDC would, of course, be keen to keep in contact and hear more about their plans as well as offer advice on any new approach. However, CDC’s new direct investment strategy for the next five years (outlined in the answer above) means that we won’t operate in a way that is compatible with managing small-scale direct investments selected by other parties. The way we will reach SMEs will be through our fund investments and in the provision of debt finance through our support for local banks.

July 4 2012
Written evidence submitted by EveryChild

Introduction to EveryChild

EveryChild is an international development charity working to stop children growing up vulnerable and alone.

More than 24 million children grow up without parental care, their survival often threatened by greater risk of malnutrition, violence and exploitation; their future lost by missing out on school, and their childhood. Working with local partners we keep children safe when they are alone and at risk. We protect children in danger of ending up on their own by keeping families together. And we get children back to a safe and caring family, wherever we can.

The damaging effects of a loss of parental care have been shown to undermine the achievement of the Millennium Development Goals (MDGs), and reducing the number of children outside of families is imperative for meeting MDG targets (EveryChild et al 2010). Over the next 10 years, for the good of children and of societies, governments, UN agencies and NGOs, must step up efforts to ensure that all children grow up safe and protected in families. Three key areas of action are of particular importance:

- Incorporate the protection of children, particularly those without adequate care into the framework that will replace the MDGs when they come to an end in 2015.
- Ensure that models of social protection are more effective in enabling parents and families to care for children and prevent children leaving home unnecessarily.
- Support the full implementation of the Guidelines for the Alternative Care of Children.

Thomas Moyo, Project Coordinator for EveryChild Malawi, gave the following presentation to Rob Page, Specialist, International Development Select Committee (IDC) on 18 May 2012, to help inform the IDC inquiry on Malawi.

Political Transition in Malawi

After the death of President Bingu, Her Excellency Joyce Banda took over. Despite some political attempts to challenge the Republican Constitution by the then Democratic Progressive Party, we now have new Government.

The Last Three weeks

President Joyce Banda has made a number of reforms with the aim of reviving the Malawian economy. Some of the things which have taken place include:
1. Appointment of Cabinet Ministers based on merit.
2. The President has cautioned Ministers to discharge their duties with diligence not concentrating on praising Her Excellency and her Government.
3. The President has held talks with the IMF and World Bank, which have led to devaluation of the Malawi Kwacha in line with monetary advice by international bodies. This is aimed at attracting foreign investment, which in turn will create jobs and improve our economy.
4. Development partners have now promised financial support and we hope our economy will improve.
5. Malawi has already talked to the UK Government about the redeployment of High Commissioners. Malawi has already identified a High Commissioner for the UK office.

However, devaluation of the currency by almost 50% has pushed prices of essential commodities higher. As a result of the monetary policy decision to float the Kwacha, our currency is now trading at a 62% depreciation rate against the dollar and pound from the rate before devaluation. The price of fuel has gone up by 30%. Almost all the commodities prices have gone up by between 30-65% with electricity increasing by 63%. Malawi really needs the support of international development partners both technically and financially so that the most poor are protected from the economic hardships which are likely to bite harder in the short term. Overall, Malawians, Civil Society Organizations and the private sector support the new Government and are anxious to see how our economy is going to fare.

**Socio and Economic context of Malawi and children without parental care**

1) HIV/AIDS – 50% of Malawi’s 1.3 million orphans are due to HIV/AIDS
2) Adult migration – in Mzimba, 60% of the men leave to work in South Africa. Sadly, many are unable to find jobs, leaving families without fathers or financial support.
3) Violence in the home. 2.4 million of the 6.8 million children in Malawi are living in violent homes, perhaps being abused physically or sexually, or they witness such abuse happening every day. The reasons for this violence are many, but a lack of education is a key cause as well as a lack of enforcement from the government to protect children.
4) Poverty drives parents from their homes in search of work, and pushes children in child labour and prevents children from gaining an education.

**Impact of loss of parental care on children**

Loss of parental care has a devastating impact on children. Most are growing up with extended families, aunts and uncles or elderly grandparents. These children suffer because there is not enough money, food or attention for everyone.
Children without parental care in the communities I work in are more likely to drop out of school to work and young girls are much more likely to enter into early marriages. Children growing up without parental care have no one to protect them, or encourage them to complete their education, which creates a spiral of poverty.

**EveryChild’s work in Malawi**

Our work in Malawi focuses on strengthening vulnerable families and households to provide care and support to children without parental care and protecting children from abuses and exploitation. We work to prevent families from becoming separated, and to empower children growing up alone.

**Early childhood development services**

One of the ways we support extended families caring for children without parental care is through community based childcare centers. Often for a young child living with grandparents, for example, they would be left alone at home while their grandparents go to work in the fields. This leaves children without food and at risk. EveryChild helps 4500 children like this under 6 through the 85 centres it has set up. These are run by volunteer caregivers every working day. The children receive early education by making toys, learning to count or through playing games. The children learn to interact with each other; this is particularly beneficial for children without parental care, who may be growing up isolated. Through the centres they make new friends who can help them when they move on to primary school. Children also receive a meal at the centre – this can greatly help extended families who have so many mouths to feed already.

**Livelihoods support**

Extended families who are forced to take responsibility for children without care face the burden of feeding and providing their basic needs. Often these children go hungry and others can’t go to school. To overcome this, EveryChild provides livelihoods support. We boost harvests by giving families fertilizers and seeds which help people grow more food. These inputs benefit 120 families – these are families caring for children without parental care, or families who are at risk of becoming separated. The soil is poor in Bulala and fertilizers are essential, but usually too expensive for families living in poverty. With our support they can grow enough maize to sustain themselves between harvests.

The same families also benefit from being members of village savings and loans associations. Through these they can save and borrow money to start income generating businesses. By boosting their incomes we hope to prevent families from having to sell the food they grow in order to buy other items like fuel.

**HIV**

We support parents living with HIV in order to help them live healthier, more positive lives so that they are better able to care for and protect their children. We do this through support groups. EveryChild runs 8 groups in Bulala. The critical issues we target are nutrition, health, discrimination, stigmatism and living positively. The groups meet every week to learn about living positively and
taking care of themselves, they are play football and netball and other games to help people exercise and stay healthy.

By establishing the groups, we have been able to discover how many people are living with HIV, and communicate these figures with the ministry of health. We have also been able to invite the District Health Officer and other key figures to open days so they can meet those living with HIV and understand the problems they face. This in turn has led to the ministry increasing access to ARVs in Bulala, meaning that people no longer have to travel long distances to get the drugs they need to stay healthy.

Child protection

When children live without their parents, they are exposed to abuse and have nobody to protect them or listen to them. Girls are often abused or forced into early marriage.

In order to overcome this, as well as empowering families, we empower children and their communities to protect one another. We have a network of groups who promote children’s rights, and who take action when abuses are reported. Child Rights Clubs in primary schools educate children about their rights so that they are able to identify when their rights are being abused. These groups also speak out for pupils who are being abused at school, or in their community. Children can report problems to their school management team or to their local child protection committees, also run by EveryChild, who in turn will report the abuse to the child protection units within the local police service.

Education

As I have discussed, children without parental care often drop out of school due to a lack of money or encouragement. We combat this by helping children without parental care get the materials they need to go to school – usually this means giving them a uniform, exercise books and pens, and supporting the family to pay school fees.

To encourage children growing up without parental care to stay in school we have a role models scheme. We let children without parental care meet people who experienced similar problems growing up, but who have worked hard to overcome their difficult childhoods and are now leading successful lives. We organize special days where children can meet these role models and feel inspired to stay in school in order to prepare for a better future. The role models are teachers, doctors, policemen, people working in banks – they represent a wide-range of professional careers but all had difficult childhoods. The children they meet feel inspired by their role models – so many of the children I meet are now determined to be teachers, doctors, policemen thanks to their excellent role models!

Reintegration

Whilst some children may be living alone because they have no parents, many are only separated from their families due to poverty. We work to reintegrate children with their families. We help children leave child labour or early marriages in order to return to their homes and school. In order to do this we have to tackle the root causes of the original separation and so we work with families
to tackle whatever led to their children leaving home in the first place; in many cases lack of food
and resources forces children into work or marriage. We combat this through the activities I have
already described.

Child participation

Children are not just silent partners in our activities, we train them to engage their communications
and teach them how to speak up for children’s rights. We run 45 children’s corners where children
living without parents can come together to play, share experiences, learn practical skills and
support one another. By attending the centres, children growing up without parents discover that
there are other children growing up in similar circumstances and feel that they are not alone.

As I have discussed child rights clubs in schools also educate and empower children to identify and
stand up for their rights.

Advocacy

Our activities benefit many children and families directly, but the scale of the issues we face is so
big we can only hope to solve them through greater changes in people’s mind-sets and
governmental policies. We aim to bring about these changes through advocacy.

EveryChild’s advocacy in Malawi is happening at different levels. At a community level we raise
awareness of harmful cultural practices such as initiations that mark girls out as being available for
marriage. Our awareness raising has led to the modification of these initiation ceremonies in some
communities so that girls are able to celebrate their coming of age without being in danger of
entering into early marriage and being forced to drop out of school.

At the national level we advocate for changes in policy with the government. We have contributed
to some vital policy changes that will impact on the lives of children without parental care, and
other vulnerable children. This includes the recent child labour policy. Previously there was no policy
or action plan against child labour in Malawi and EveryChild and other organizations advocated to
change this. The government introduced the child labour policy in October 2010; this was
accompanied by a national action plan on child labour. EveryChild in Malawi was also involved in
discussions about the National Child Care, Protection and Justice Bill. Last year the government
passed this bill and created the National Child Care, Protection and Justice Act, July 2011.
EveryChild Malawi was part of the steering committee that drafted the bill and we were, later on,
part of the CSOs group that advocated to the national assembly/parliament to pass the bill into
law.

At the international level the scale of the problem is huge. We can only solve it if all players come
together, from INGOs like EveryChild to national governments. With the post-MDG framework that
will be developed in the coming year, the international community has an opportunity to ensure
vulnerable children such as those without a safe family, get the attention they need.

Also, poor countries like Malawi struggle to afford livelihoods support to families who need it. The
international community should support Malawi in developing its own social protection
programmes that are child-focused.
Our recommendations

1. The international community should support the Malawian government to fight poverty through strengthening social protection programmes, for example, conditional cash transfers targeting children without parental care and Food for Work programmes.

2. Child care and protection efforts should be a priority in the development agenda - the current general targeting leaves out the most vulnerable categories of children. This could be done through integration of child protection programmes in the post MDG framework. Now that the Malawian government has embarked on the national child protection systems approach to addressing broader child protection issues, it would be important that donor partners support the government in this initiative.

3. Education: Malawi needs infrastructure to support high child enrolments, and a curriculum review to take into account existing economic trends to enable students to become self-reliant. Children without parental care require school material support while the Ministry of Education needs more teachers to meet educational demands. Although the teacher to pupil ratio is supposed to be 1:40, in reality in Malawian primary schools it is 1:107; the same applies to the number of pupils per classroom.

4. Economic Growth: While the private sector needs a lot of support, efforts to empower grass root women through sustainable income generation is key towards economic development. Vocational training is one sector which would spur job creation and economic growth.

5. HIV and AIDS and other diseases: HIV and AIDS is still a challenge in Malawi. More technical and financial support to stop new HIV infections and provide care and treatment for those already living with HIV is needed. Access to ARVs is crucial. As the government devalued the kwacha without any resources to cushion its impact, especially on the poorest and most vulnerable, we need deliberate programmes of social protection for children without adequate care and protection, that do not have the unintended consequence of encouraging family separation or child labour.

Conditions for aid

1. The protection of civil liberties, rule of law, transparency and accountability. Effective aid monitoring is crucial in development

2. The development and implementation of pro poor national budgets. Ensure that budgetary support to Government goes to important ministries which will deliver appropriate programmes for the poor.
3. Financial aid should also trickle to CSOs working on child care and protection to enable the latter to empower Malawians to participate actively in economic governance.

June 2012
Written evidence submitted by Integrated Disaster Management

Sub Saharan Africa has an optimistic forecast for its economic future - all current analyses suggest that the availability of resources, emerging young and educated populations and the abundance of uncultivated agricultural land mean the region could enjoy excellent economic growth. However regional Governments are voicing one increasingly important challenge: how do we ensure the region maximises the benefits that the emerging economic opportunities present for states, communities and individuals? Private sector organisations operating in the region have an aligned challenge: 'talent localisation' - how do we get local people managing our local operations; how do we get regional people leading our regional operations? This has become an increasingly repeated and pressing strategic concern. Corporates can no longer accept the lack of sustainability and cost of having to use ex-pats to lead their regional operations. At the same time they do very much want the reputational and cost benefits of building skills in their local employees.

The solution to these challenges lies in talent development - but there is little or no institutional leadership, management or professional development outside of South Africa. Indeed the SA Business Schools - as a result of their traditional business model - find it financially non-viable to be designing and delivering learning for these emerging economies. But we have to address the emerging professional middle management - the backbone of any emerging economy - if the region is going to benefit from these opportunities. DFID can play a role in this essential development opportunity through the support of public and private sector leadership, management and professional education.

IDM’s ambition is to help shape the future generation of leadership and management capability and so realise the economic opportunities in the region. IDM is establishing a new educational institution targeted to respond exactly to these challenges.

1 June 2012
Written evidence submitted by Oxfam GB

“The role of the UK government in ensuring Malawi’s development”

1. Executive Summary

1.1 Oxfam has been working in Malawi for more than 20 years. We aim to empower poor people to demand their rights around the key areas of livelihoods, governance, humanitarian assistance HIV and AIDS, gender equality and participate in the governing of their country. We work closely with local NGOs and communities on these issues.

1.2 Oxfam GB welcomes the International Development Committee’s inquiry into the development situation in Malawi, taking into consideration the changed political situation following the death of President Bingu Wa Mutharika and new leadership assumed by the current President Joyce Banda.

1.3 The role of the UK government leadership in the development process of Malawi cannot be undermined, with the UK having been the largest bilateral donor to Malawi since its independence until recently. During this period, UK aid has significantly contributed to enabling the Malawi government play its role in ensuring access to basic social services for its citizens in an increasingly effective manner, especially through budget support, both General Budget Support and Sector Budget Support towards health and education. And recently during the crisis, through the provision of emergency drug and contributing to the fertiliser subsidy.

1.4 The deterioration in the political, governance and economic situation in Malawi over that last two years has seen millions more people drift further into poverty, reversing the hard earned development gains from the previous years; to which the UK government as one of the major bilateral donors, and development partner had made huge investments towards.

1.5 Withholding of aid, by donors including the UK, over the past year, which made up almost 40% of national Budget financing, including financing for basic social services such a health and education has meant the majority of people, already poor and vulnerable, were denied access to health and life saving medicines; health workers and teachers were not being paid on time and lack of teaching materials became prevalent in schools. This has significantly contributed to the dire situation that Malawi is in today.

1.6 The UK government should, therefore, continue to provide the much needed aid to Malawi as the coalition government has ‘a moral responsibility to help the poorest people in the world’. Investment should be made in the supporting the government of Malawi to provide basic social services to its poor people.

1.7 UK’s international leadership in development is widely recognised, and the Department for International Development (DFID) has a well-deserved reputation for progressive, effective, cutting-edge development policies and programming that

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1 The Coalition: Our Programme for Government, May 2010
have been implemented in Malawi, amongst other developing countries that receive UK aid, which we believe should be continued and improved in Malawi.

1.8 Budget Support should be one of the main modalities used in order to help Malawi address its daunting development challenges. The UK government should take the lead in the use of budget support in Malawi within the Poverty Reduction Budget Support donor grouping, the Common Approach to Budget Support (CABS).

1.9 Oxfam believes that the UK government has been a lead in supporting the social sector in Malawi over the years and that building on its experience and past investments; it should continue and increase its support towards basic social services, especially health and education.

2. Budget Support

2.1 Budget support does contribute to achieving development results that are sustainable when properly designed and delivered in large amounts and for long period. A study done on behalf of the European Commission analysing the relationship between the provision of General Budget Support (GBS) and MDG performance found that high GBS recipients have performed better, often significantly so, in all four MDGs assessed (covering primary enrolment, gender parity in education, child mortality, and access to water), as well as in terms of improvements in the Human Development Index, in the period 2002-2007, than countries receiving little or no budget support.²

2.2 The UK government should, therefore continue and increase its budget support to Malawi, both General Budget and Sector Budget Support. Between 2004/5 and 2008/9, GBS which accounted for around one third of DFID’s total aid to Malawi coupled with other factors including good governance, sound macro-economic management among others, saw Malawi’s economy grow at an average rate of 7% per annum. An ODI options appraisal in Malawi in 2010, which compared GBS and other options for delivering aid, showed ‘a net effect of switching away from GBS on the overall volume of resources allocated to priority areas of poverty reduction’.³

2.3 The UK should deliver at least 50% of its aid to Malawi through combination of both GBS and Sector Budget support, in order to help Malawi deal with the economic instability in the country and high levels of poverty.⁴ This will allow the new Malawi government meet its recurrent costs for health workers and teachers in the basic social sector, among others.

2.4 UK aid to Malawi should be predictable and long-term. Supporting the Malawi government to deliver its new Poverty Reduction Strategy, the Malawi Growth and Development Strategy II and be on track to achieving the MDGs. Long-term,

² European Union (2010); Budget Support and MDG performance, Development Paper No. 2010/01
³ ODI (2010); Aid Effectiveness in Malawi: Options appraisal and Budget Support
⁴ Oxfam GB (2010); Oxfam GB public submission on Bilateral Aid Review, The ‘Dos’ and Don’ts of 21st Century Development Assistance
predictable aid is vital in re-building state capacity to address poverty and support necessary policy reforms. Moreso, addressing poverty is a long-term process. This will go a long way in addressing the development challenges incurred in the last two years, and uplift millions of Malawians out of poverty in the medium and long-term.

2.5 The UK government should support Malawi’s 2012/2013 which is currently under deliberation in parliament and if passed should be implemented from July 2012. Whilst appreciating resumption of aid to Malawi through providing already committed funding - at the moment, the UK has agreed to £10m in urgent health sector support and a further £20m in previously agreed funding5 – clear predictable and long-term commitments should be made to support the Malawi national Budget 2012/13 and beyond in new commitments and additional funding.

3 Investing in Basic Social Services

3.1 Health and Education are critical to the development process – they are seen both as determinants of growth and development as well as objectives of the development process. The UK government through DFID in Malawi has a niche in supporting these sectors and should continue.

3.2 Over 80% of the Malawi population rely on the public health services, and most of these are in rural areas, of which the Malawi government strives to provide in partnership with the Christian Hospitals Association in Malawi (CHAM). With a high disease burden due to the HIV and AIDS pandemic, Malaria, Tuberculosis and increasing incidence of non-communicable disease such as Cancer, hypertension, a functional health system is vital to Malawi’s development.

3.3 The UK government should, therefore make long term commitments to support the Malawi 2011-2016 National Health Strategic plan through the existing Health Sector Wide Approach (Swap). Specific within the strategy, the UK should continue supporting top-up of health workers salaries to ensure retention of health workers and increase motivation among the workers, and the procurement of essential medicines.

3.4 The Majority of UK aid to both the health and education sectors should be provided through sector Budget Support other than stand-alone projects implemented directly by DFID and numerous local and international NGOs and private providers. Building strong and sustainable health and education systems in Malawi will require empowering the state machinery to be able to deliver effective social services to its citizens.

5 DFID(2012); Britain stands by Malawi, sourced from http://www.dehavilland.co.uk on 14th May 2012
4 Supporting Civil Society in Malawi

4.1 Transparency and accountability are critical for delivering development results. Budget support can help increase domestic accountability over the long term, by driving greater transparency about budgets and results and by enabling civil society, parliaments, the media, and other oversight institutions to scrutinise public spending – including aid channelled through the budget.

4.2 The UK government should support Malawi’s Civil Society (CSO) to strengthen the capacity of citizens to hold the state answerable for its actions. The Malawi CSO is relatively young, yet has the potential to be a strong force to play the ‘watchdog’ role over national budgets and other areas of political governance as proven over that last two years.

4.3 Medium Term investments in capacity Building for CSO is important to ensure a vibrant and sustainable CSO in Malawi. The UK government should therefore consider making an investment in CSO capacity building in addition to specific project financing.

4.4 DFID should be flexible in financing recurrent and administration costs for CSO in addition to the core projects as this remains the major challenge that faces the CSO community in Malawi and hence leading to loss of key staff within the sector.

4.5 The UK government should therefore continue to support Civil Society, parliament and the media in Malawi inorder to promote domestic accountability, and checks and balance in resource utilisation.

5 Economic Stability

5.1 Whilst supporting Malawi to take the necessary policy and economic reforms to restoring its economy, the UK government should refrain from tying the provision of Budget Support to an IMF programme in Malawi. As an influential donor within the Budget Support donor grouping, it should lead the steps in this direction by supporting the Malawi’s 2012/2013 national Budget with or without an IMF programme. IMF programmes may require adjustments that may lead to political instability if not well managed and push people further into poverty.

5.2 Budget Support should therefore remain a poverty reduction instrument. The UK government should delink its aid from political and economic conditionality, it should rather concentrate on developing robust poverty-related outcomes to measure performance that supports Malawi’s development.

May 2012

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Written evidence submitted by Michael Shaw, Wellspring Development Capital Ltd

**Background**

1. This memorandum focuses on the Development Situation in Malawi in response to the International Development Committee (IDC) inquiry. It seeks to briefly address a few points related to the first issue listed:

   - How the UK can best help to improve opportunities for economic growth, job creation and meeting the Millennium Development Goal targets for Malawi

2. I am the founder and Director of Wellspring Development Capital Ltd, which includes a Malawian registered company, formed in 2009. I worked in Malawi from 2008, now based in Nairobi since December 2011. Wellspring is a social investment company, management consultancy, and advises on impact investment in various sectors and countries. Wellspring (Malawi) has various social investments and experience consulting for private sector agribusinesses, donors and 3rd sector clients. My sector experience is in livestock, dairy, vaccines, tea, cassava/starch, honey, mobile technologies, maize storage, market information systems, genetics, music, tourism and private education/colleges.

**Recommendations**

3. General work on the business climate coupled with matching grants is probably not going to deliver the best short term return on investment in terms of socio-economic improvements unless they are more targeted. If Malawi is going to improve longer-term, it needs risk investment and innovation to improve competitiveness, but Malawi most urgently needs shorter turnaround strategies based on what it can do now, or has done well in the past, and incentives for those sectors. The private sector in Malawi should be consulted broadly on this before developing any particular mechanism. Generic private sector strategies developed in the UK are less likely to engage.

4. In the short-term, there is a need to look at delivery mechanisms. There is not necessarily time for traditional detailed project planning and then competitive tendering. UK could consider paying the private sector for delivering results. For example if the tea, cotton, grains or tobacco exports reach a certain amount (value & tonnage), the companies get a proportionate prize, which will also help compensate for exchange rate problems.

5. Setting aside for one moment the macro-economic problems such as poor electricity, roads, balance of payments and credit availability to poor farmers, there is also a shortage of well-trained managers in Malawi. Money is available regionally to support good business ideas and development if they are forthcoming. The challenge is that they are often not forthcoming. Where entrepreneurs do have strong ideas or capabilities, the environment is lacking for them to thrive. This plays to three key arguments:

   5.1. Investors invest in people and markets, not development sector funded business plans. A lack of quality tertiary education systems mean many Malawians are not equipped with business management skills, especially in the indigenous company sector. The lack in management skills in part contributes to poor business governance. The opportunity here is that North-South collaborative learning between UK management training institutions and those in Malawi could benefit both sides. The UK has leading management training institutions and a rich heritage of open learning and intelligence in this area. We could do better in utilising this IP and, over
time, adapting it to be more appropriate for Malawian institutions and managers who want to learn on the job. UK academia is lagging behind other developed nations in reaching out globally, especially in developing countries. Stronger managers will also help build stronger institutions in the public sector in the longer term.

5.2. The need to target assistance to high impact areas where there is a greater likelihood for rapid growth. This could be in sectors such as tea, sugar, cotton, grains and pulses where Malawi already has relatively established systems and markets. A sector or geographic cluster specific approach can pay strong dividends, especially in export related sectors, or those helping substitute imports, assuming there will be a longer trend towards stabilizing exchange rate issues. Again this is a space where incentives for Malawi’s highly resilient and innovative private sector could work. There is a need for identifying and addressing the bottlenecks across the entire sector specific value chain including areas such as regulatory constraints, institutional blockages, input supplies, quality. Fundamental generic business climate issues would also need to be addressed but the focus could be guided by the sector approach which would require that issues directly hampering growth in the short-term and effecting existing businesses are prioritized. Investments in higher risk technologies and startups should not be prioritized over the sector specific high impact interventions in the short term. R&D investing should be weighted more heavily on immediate improvements. Malawi needs to be focused on a turnaround strategy, which involves focusing on known profit centers and improving them. These areas of ‘lower hanging fruit’ should give a higher risk adjusted socio-economic return on investment and would be consistent with a turnaround strategy.

6. Agriculture and agro-processing will likely remain the drivers of the economy. Whilst being controversial, the Farm Input Subsidy Programme (FISP) looks there to stay for a while. Perhaps there are further opportunities to leverage this (and improve governance and controls) using intelligent voucher schemes and incentives in some way to try and kick start the production of sufficient quantities of a range of products for processing whilst also developing the agri-input and processing industries further and incentivising them to play a stronger role in extension and management services to farmers.

7. There is urgent need to review the Principal-Agent relationship that characterizes the model that most development assistance operates under in Malawi i.e. the relationship between development agencies and their implementing partners. This Principal-Agent model compromises accountability by failing to mitigate differences in standards and cultures. Implementing partners can sometimes gain from acting contrary to the principles held by the donor yet the model has no way of determining or measuring this or remedying it. Better monitoring and evaluation, agreement of Key Performance Indicators at the start and provision of incentives could be one way of ensuring that principles and intentions of the donor are reflected in the outputs of and in the processes through which the implementing partner works.

21 June 2012
Written evidence submitted by Crown Agents Bank

Crown Agents Bank/INTL Global Currencies and Reserve Bank of Malawi

Faced with shortages of foreign currency during 2011 resulting from the loss of aid flows, Reserve Bank of Malawi (RBM) introduced a new Exchange Rate Framework and Operational Guidelines on 7th July 2011. The framework contained a directive to NGOs to remit foreign funding to Malawi through foreign currency accounts in Malawi, rather than purchasing Malawi kwacha (MWK) outside Malawi and paying MWK into their local account. The purpose of this directive was to enable RBM to see the foreign currency flows, with the implication that it might require local banks to make these flows available for essential government needs.

There were potential problems with implementation of these rules for both RBM and the international NGOs to which they applied, particularly:

1. Major NGOs often remit funding from their HQs to their field offices and it was likely to take time for HQ operations located remotely from Malawi and with no immediate access to the new rules to learn about them. In the meantime they were likely to continue remitting MWK to field offices’ bank accounts in Malawi in unwitting breach of the rules. Either the local banks would reject the receipts, in which case funding delays would hamper operations, or if local accounts are credited with MWK the local NGO staff would be embarrassed and exposed to potential sanctions by RBM when quarterly reports were submitted to RBM by the commercial banks in Malawi. In practice, many NGOs continued their existing arrangements either unwittingly or deliberately in contravention of the rules, which RBM was not able to enforce.

2. As a separate but related point, the major correspondent banks, through which many NGOs remit funds, were not addressed by RBM’s directive and continued supporting NGOs with remittance of MWK to local accounts in ignorance of the directive.

In August 2011, Crown Agents Bank (CABK) offered to assist RBM, which had been a client of Crown Agents Bank for many years, in overcoming the difficulties with implementation of the new rules. CABK’s proposal was submitted in collaboration with INTL Global Currencies (IGC), the leading supplier of exotic currencies to NGOs, development organisations and others. Under the proposal CABK was to become a purchaser of MWK from RBM, which it would then sell to IGC to meet the needs of IGC’s NGO and development agency clients. RBM was to remit the MWK to IGC’s account in Malawi and in return CABK was to pay US dollars to RBM. This would give RBM a reliable supply of USD to overcome shortages of foreign currency for essential government needs and the NGOs and development agencies receiving MWK from IGC would not be regarded by RBM as contravening the new rules.

The proposal was readily accepted by RBM and has been operating since August 2011, during which time RBM has received USD18m through the arrangement. One major constraint which has limited the volume of business was the erosion of the black market value of the MWK. As RBM were seeking to uphold the value of the currency (until the recent devaluation) they would only sell MWK at the then official rate which was not competitive with the rates available through major international banks.

21 June 2012