



MALAWI GOVERNMENT

**BRIEF ON THE STATUS OF IMPLEMENTATION OF THE ISTANBUL
PROGRAMME OF ACTION (IPoA) IN MALAWI 2011-2020, PRESENTED
AT THE MEETING OF NATIONAL CONTACT POINTS OF THE LEAST
DEVELOPED COUNTRIES IN NEW YORK, USA,
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1.0 INTRODUCTION

The Istanbul Programme of Action (IPoA) was adopted during the Fourth United Nations Conference on the Least Developed Countries that was held in Istanbul, Turkey from 9th to 13th May, 2011. The IPoA outlines commitments made by LDCs and Development Partners in eight different priority areas with the aim of ensuring sustainable growth and development of the Least Developed Countries by the year 2020. The eight priority areas are: (1) Productive Capacity; (2) Agriculture, Food Security and Rural Development; (3) Trade; (4) Commodities; (5) Human and Social Development; (6) Multiple Crisis and other Emerging Challenges; (7) Mobilizing Financial Resources for Development and Capacity Building; and (8) Good Governance at all Levels. It is expected that effective implementation of commitments under these priority areas will go a long way in improving the social and economic conditions in LDCs.

In view of these, Malawi has made some progress in implementing the IPoA since 2011. Notably, Malawi managed to increase food security up to 2014 when weather conditions were favourable for agricultural production. Implementation of Millennium Development Goals (MDGs) was also sound despite failing to meet the set targets on four goals as outlined below. On trade, Malawi has during this time developed the National Export Strategy in order to increase export base among other reforms being undertaken in the country.

Despite these, Malawi faced serious challenges in 2015 when the country was negatively affected by floods and dry spells. The implementation of activities related to IPoA was equally affected. However, the Government acknowledges that a great deal of resources was provided to mitigate the effects of these challenges. Therefore, availability of resources are vital in order to achieve what was agreed upon and improve the welfare of the general public in Malawi as well as in other LDCs.

To forge ahead, Malawi is committed to implementing the IPoA by including its activities in the national development strategies whose implementation runs for five year. In addition, efforts are there to involve all relevant stakeholders in designing and implementing these plans/strategies.

2.0 STATUS OF IMPLEMENTATION OF IPoA IN MALAWI

Malawi is implementing the Istanbul Programme of Action in the context of second Malawi Growth and Development Strategy (MGDS II). This strategy outlines the national development agenda in the medium term as one of the strategies to operationalise the vision 2020 which is long term plan for Malawi. The Government recognizes that if IPoA is to be effectively implemented, there is need to incorporate it into the national development strategy. Efforts were undertaken to mainstream the IPoA into the MGDS II during the 2011-2012 financial year. This approach benefits Government in a number of ways including using the existing structures and budgets in implementing activities of the IPoA. Moreover, various stakeholders will not have to undertake separate activities thereby improving effective implementation of the IPoA.

To ensure effective implementation of the IPoA, Government developed an implementation plan outlining activities to be implemented during the whole period of IPoA from 2011 to 2020. Stakeholders were advised to prioritise implementation of these activities and there is need for sequencing of activities to ensure a logical flow of activities from one national development strategy to the other. However, to effectively do this, there is need for stakeholder sensitization on the IPoA since many stakeholders are still not aware of its contents.

Considering that MGDS II is coming to an end in the 2016/17 financial year, Government has started the process of developing the successor strategy to the MGDS II. It would be important to ensure that the successor strategy includes issues of the IPoA to ensure smooth implementation beyond 2016.

With regards to the priority areas, the status of implementation in Malawi is as follows:

- a) **Productive Capacity:** Malawi is an agro-based economy, with the majority of the labour force engaged in the primary sector. Since 2011, the share of manufacturing to GDP has remained at around 10 percent and, as such, there are no predominant signs of structural transformation. Nevertheless, Government policy is centred on increasing the productivity of the agricultural sector and investing in the necessary infrastructure to connect rural communities to markets. This will ensure a development in value addition and lead to growth in the manufacturing sector. In addition, Government is developing a productive and efficient workforce with necessary supporting equipment and skills through improvement of local training institutions.
- b) **Agriculture, food security and rural development:** Malawi has improved in terms of food security, especially since the implementation of the Fertiliser Input Subsidy Programme (FISP). However, growth in the agricultural sector has been unstable as output depends on rain-fed agriculture which is by nature unpredictable. With the erratic rainfall that has been worsened by effects of climate change, agriculture sector has experienced reduction in output. Efforts to develop irrigation infrastructure through the Green Belt Initiative, for example, have so far been limited due to low investment and reduced farmer capacities to undertake conservation agriculture and climate change adaptation technologies that are being introduced to both large scale as well as small scale farmers. With regards to rural development, various rural growth centres have been constructed. However, the development of some of these centres has been incomplete as they lack basic amenities such as water and electricity supply as well as unfurnished schools and health centres. This is work in progress and expected to be completed soon.
- c) **Trade:** Malawi is a primarily importing, rather than exporting country as manifested by a persistent trade deficit. This somewhat eased in 2015 due to the fall in oil prices which is one of the primary imported commodities in the country. The MGDS II, which is the

overarching national development plan, intends to transform Malawi from being a predominant importer and consumer to a predominant producer and exporter. As such, the National Export Strategy (NES) was developed and this aims at diversifying the export base focussing on promoting agro-processing and value addition by developing certain export clusters, such as sugar, oil seeds, cotton and manufacturing. This Strategy is currently under implementation.

- d) **Commodities:** Malawi's economy and export base depend on a few primary commodities, namely tobacco, sugar, macadamia nuts, coffee and tea. A uranium mine was operational and provided the second most major source of foreign exchange, after tobacco, however, in early 2014 production was suspended due to low international uranium prices. The mine is currently under care and maintenance and plans are to resume production once the uranium prices are favourable. Malawi has recently joined the Extractive Industries Transparency Initiative (EITI) and hopes to develop its mining activities further. A geophysical survey in 2015 found that Malawi has great mineral potential. Attracting the necessary investment to ensure the start of exploration is one of Government's priorities.
- e) **Human and Social Development:** Malawi has had significant progress in the MDGs, and has met four out of the eight MDGs particularly on reducing child mortality, combating HIV, AIDS and other diseases, ensuring environmental sustainability and developing a global partnership for development. However, the country failed to make some progress to achieve the following four MDGs: (i) Eradicating Extreme Poverty and Hunger; (ii) Achieving Universal Primary Education; (iii) Promoting Gender Equality and Empowering Women; and (iv) Improving Maternal Health. The country realises that most of the MDGs that have not been attained are gender related. Therefore, Malawi will seriously take keen interest to achieve the gender-related goals in the implementation of next national development strategy, which is to embrace the IPoA, SDGs and other international agreements.
- f) **Multiple Crisis and other Emerging Challenges:** 2015 proved to be one of the most challenging years of the past decade, as the country dealt with devastating floods followed by dry spells. Food output decreased significantly by around 40 percent and over 2.8 million people are currently requiring food assistance. This is largely due to low production of maize and difficulties in accessing the grain across the country. Response to the disaster came from various stakeholders including government, civil society organisations and development partners. The assistance was both in the form of cash and material. The dry spells have also been experienced in a number of districts in Malawi particularly in the central and southern regions where the agricultural production is expected to be lower than expected. The Department of Disaster Management Affairs

developed the Disaster Recovery Framework with the aim of coordinating future response at district level in a coherent manner.

In addition, the economy is currently not performing well with high inflation, high interest rate and a depreciating currency. The poverty rate has only marginally decreased in the past decade from 52 percent in 2005 to 50.7 in 2014. Policy makers are striving to come up with workable approach to implement the right policy mix to guide Malawians out of poverty and into prosperity.

- g) **Mobilizing Financial Resources for Development and Capacity Building:** Budget support was suspended in September 2013 due to public finance mismanagement which was unearthed in that year. Since then, the Government of Malawi has mostly been relying on its own means for its operations. However, the development partners have continued to support Malawi Government in various programmes using off-budget approach. It has been challenging for Malawi to increase revenue to finance its social and economic activities due to low tax base, inadequate export base, inadequate productivity and large informal sector, which if tapped could increase on government tax revenue.
- h) **Good Governance at all Levels:** The Government is undertaking some reforms in order to ensure and promote good governance in Malawi. For instance, the Public Service Reforms and Public Financial Management Reforms aim at dealing with public sector effectiveness and ensuring a more efficient use of public finances. Once the Government gains confidence through the effective implementation of such reforms and by ensuring prudent use of its finances, it is expected that macroeconomic stability will be attained.

3.0 CHALLENGES FACED IN IMPLEMENTING THE IPoA

The Ministry of Finance, Economic Planning and Development is the national contact point for the Istanbul Programme of Action. Being the contact point, the Ministry is responsible for sensitization and coordination of the IPoA. To effectively implement the IPoA in Malawi, there is need for wider stakeholder sensitization awareness so that the IPoA is owned and localised. It is important that the general public is aware about the IPoA which is not the case now. UNDP country office and other UN agencies are mandated by the United Nations to support national governments in the implementation of the IPoA but since its launch in 2011, Government has received very little support to implement activities related to the IPoA. As we go into the mid-term review of the IPoA in Istanbul Turkey, in 2016, we need to ensure that sensitization of the IPoA is improved.

4.0 WAY FORWARD

In order to ensure effective implementation of the IPoA, the following steps should be done:

- a) The Government is in the process of developing the next national development plan to run from 2016 to 2021. In view of this, there is need to involve various stakeholders in prioritizing IPoA activities and consolidating the implementation plan; and
- b) Government ensures that the private sector, civil society, parliament as well as Development Partners are aware of the IPoA. In particular, the United Nations Country Office should play its role in implementing the IPoA as stipulated in the December 2012 United Nations Resolution on the follow-up to the Fourth United Nations Conference on the LDCs (Resolution A/C.2/67/L.9). The UN system in Malawi is mandated to support implementation of the IPoA and we are to lean on them.

5.0 CONCLUSION

Malawi welcomes the Istanbul Programme of Action (IPoA) and will continue implementing it through the next national development agenda, which is to succeed the MGDS II. Looking at the integrated nature of the IPoA, there is need of active involvement of various stakeholders such as Government, Private Sector, Civil Society and Development Partners in the implementation of the IPoA. In particular, fulfilment of the commitments by the Development Partners, particularly UNDP and other UN agencies, will go a long way in ensuring the success of the IPoA. It should be noted that various commitments made in the IPoA will largely depend on availability of funds to enable effective implementation of the programme.