ISTANBUL PROGRAMME OF ACTION (IPoA)

REPORT OF IMPLEMENTATION

National Focal Point for Least Developed Countries
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September, 2019
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<td>African Continental Free Trade Area</td>
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<td>AIYAP</td>
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<td>Environmental Affairs Department</td>
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<tr>
<td>EBA</td>
<td>Everything But Arms</td>
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<td>EBF</td>
<td>Exclusive Breast Feeding</td>
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<td>EFD</td>
<td>Electronic Fiscal Devices</td>
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<td>EITI</td>
<td>Extractive Industry Transparency Initiative</td>
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<tr>
<td>HIV</td>
<td>Human Immuno Deficiency Virus Infection</td>
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<td>HSSP</td>
<td>Health Sector Strategic Plan</td>
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<td>IAS</td>
<td>Invasive Alien Species</td>
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<td>Information Communication Technology</td>
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<td>IEC</td>
<td>Information Education Communication</td>
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<td>IEP</td>
<td>Investment and Export Promotion</td>
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<td>IFAD</td>
<td>International Fund for Agriculture Development</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>Irrigation Master Plan an Investment Framework</td>
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<td>Istanbul Programme of Action</td>
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<td>IPP</td>
<td>Independent Power Producers</td>
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<td>IRDS</td>
<td>Integrated Rural Development Strategy</td>
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<td>iSDG</td>
<td>Integrated Sustainable Development Goals</td>
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<td>ITAS</td>
<td>Integrated Tax Administration System</td>
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<td>IYCF</td>
<td>Infant and Young Child Feeding</td>
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<td>J4YP</td>
<td>Jobs for Youth Project</td>
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<td>JMP</td>
<td>Joint Monitoring Program</td>
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<tr>
<td>Km</td>
<td>Kilometre</td>
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<td>KV</td>
<td>kilovolt</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>LEC</td>
<td>Local Economic Development</td>
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<tr>
<td>LMO</td>
<td>Living Modified Organisms</td>
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<td>LUANAR</td>
<td>Lilongwe University of Agriculture and Natural Resources</td>
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<td>MANEB</td>
<td>Malawi National Examination Board</td>
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<td>MAREP</td>
<td>Malawi Rural Electrification Programme</td>
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<td>MDA</td>
<td>Ministries, Departments and Agencies</td>
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<td>MEC</td>
<td>Malawi Electoral Commission</td>
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<td>MEFMI</td>
<td>Macroeconomic and Financial Management Institute</td>
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<tr>
<td>MEPE</td>
<td>Malawi Enterprise Productivity Enhancement</td>
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<td>MGDS</td>
<td>Malawi Growth and Development Strategy</td>
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<td>MIE</td>
<td>Malawi Institute of Education</td>
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<td>MITC</td>
<td>Malawi Investment and Trade Center</td>
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<tr>
<td>Mk</td>
<td>Malawi Kwacha</td>
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<td>MNSSSP</td>
<td>Malawi National Social Support Programme</td>
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<td>MoAIWD</td>
<td>Ministry of Agriculture Irrigation and Water Development</td>
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<td>MoEST</td>
<td>Ministry of Education Science Technology</td>
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<tr>
<td>MoFEPD</td>
<td>Ministry of Finance of Economic Planning Development</td>
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<tr>
<td>MoHP</td>
<td>Ministry of Health and Population</td>
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<tr>
<td>MoITT</td>
<td>Ministry of Industry, Trade and Tourism</td>
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<td>MoJCA</td>
<td>Ministry of Justice and Constitutional Affairs</td>
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<tr>
<td>MoLGRD</td>
<td>Ministry of Local Government and Rural Development</td>
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<td>MoLSI</td>
<td>Ministry of Labour, Skills and Innovation</td>
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<tr>
<td>MoNREM</td>
<td>Ministry of Natural Resources, Energy and Mining</td>
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<tr>
<td>MoNREM</td>
<td>Ministry of Natural Resources, Energy and Mining</td>
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<td>MRA</td>
<td>Malawi Revenue Authority</td>
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<td>MSCE</td>
<td>Malawi School Certificate of Education</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<td>SMP</td>
<td>School Meals Programme</td>
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<td>SNE</td>
<td>Special Needs Education</td>
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<td>TA</td>
<td>Traditional Authority</td>
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<td>TAB</td>
<td>Tax Administration Bill</td>
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<tr>
<td>TEI</td>
<td>Total Economic Impact</td>
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<tr>
<td>TEVET</td>
<td>Technical, Entrepreneurial and Vocational Education and Training</td>
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<tr>
<td>TFA</td>
<td>Trade Facilitation Agreement</td>
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<tr>
<td>UBR</td>
<td>Unified Beneficiary Registry</td>
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<tr>
<td>UHC</td>
<td>Universal Health Coverage</td>
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<td>UNAIDS</td>
<td>United Nations Acquired Immune Deficiency Syndrome</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>UoM</td>
<td>University of Malawi</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>USD</td>
<td>United States Dollar</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
<td>VPoA</td>
<td>Vienna Programme of Action</td>
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<td>VSL</td>
<td>Village Savings and Loans</td>
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<tr>
<td>WFP</td>
<td>World Food Programme</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>WUA</td>
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1.0 INTRODUCTION

Malawi as a member of the international community is a signatory to various international and global commitments. Like other Least Developed Countries (LDCs) which are members of the United Nations, Malawi adopted the Istanbul Programme of Action (IPoA) for Least Developed LDCs, for the decade 2011-2020, in May 2011. The IPoA provides a specific set of goals and targets in eight key priority areas namely: (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. The commitments undertaken and the actions identified in the IPoA, if fully and effectively implemented, are believed to improve the difficult social and economic conditions faced by LDCs including Malawi.

1.1 Preparing the Report

The report is designed to assess progress attained on the implementation of the IPoA in Malawi and document it as it assist policy makers with the evidence base to make strategic decisions, which will assist in improving the country’s social and economic conditions to ensure graduation of the country from the Least Developed Country category.

This preparation of the IPoA report was coordinated by the Economic Planning (EP) Division which is under the Department of Economic Planning and Development (DoEPD) in the Ministry of Finance and Economic Planning Development (MoFEPD) through. Consultations were done through a Multi-stakeholder approach including government Ministries, Departments and Agencies (MDAs) and the private sector. DoEPD has been organizing a series of meetings where stakeholders were constantly sensitized on the IPoA and were thereafter summoned to submit annual progress reports on the implementation of the programme of action. However, it has been a challenge soliciting input from the stakeholders due to lack of clear indicators; financial constraints; capacity challenges; transition of policies; dearth of statistics and statistical capacity to engage in proper monitoring and reporting on national implementation; and inadequate linkages with development partners in particular the UN Country team to enhance the visibility of the Programme.

The report has six chapters and these include Introduction in Chapter 1, Chapter 2 outlines the Preparation of the National Report. Chapter 3 reflects on the National Development Planning Process and Chapter 4 presents the assessment of progress and challenges faced in the implementation of the Istanbul Programme of Action for the Decade 2011 – 2020, Chapter 4 outlines the Coherence and Linkages with the 2030 Agenda and other global processes followed by Chapter 5 which indicates on Progress towards graduation. Chapter 6 presents Coherence and
3.0. THE NATION DEVELOPMENT PLANNING PROCESS

The national development process in Malawi is spearheaded by the National Planning Commission (NPC) which was established according to the Parliament Act no. 12 of 2017. The NPC was established as a body under the Constitution of Malawi to (a) ensure its permanency and the efficient and effective implementation of its functions, and (b) reinforce its authority as an independent agency responsible for strategic planning for national development in Malawi. Therefore the NPC is mandated to identify Malawi’s socioeconomic development priorities and formulate national visions and strategies for social and economic goals taking into account the country’s resource potential and comparative advantage. Currently activities under the IPOA are being implemented through the five year national strategy the Malawi Growth and Development Strategy (MGDS) III which spans from 2017 to 2022. The theme for the MGDS III is to build a productive, competitive and resilient nation. This medium term development strategy has domesticated and localized international commitments such as the Sustainable Development Goals (SDG) Agenda 2030, the AU Agenda 2063, the Istanbul Programme of Action (IPOA) and the Vienna Programme of Action (VPoA) etc. The MGDS III operationalizes the long term development aspiration of the country called the Vision 2020. It defines national goals, policies and strategies and is expected to improve development management as it outlines wealth of information about what targets Malawians would like to meet.

4.0 ASSESSMENT OF PROGRESS AND CHALLENGES IN THE IMPLEMENTATION OF THE ISTANBUL PROGRAMME OF ACTION FOR THE DECADE 2011 – 2020

4.1 Productive Capacity

Malawi’s real Gross Domestic Product (GDP) growth for 2018 is maintained at 4.0 percent, but the growth estimate for 2019 was revised upwards from 4.1 percent to 5.0 percent in February 2019. The revision in the GDP growth figures were attributed to various reasons. For example, while the Department of Climate Change and Meteorological Services (DoCCMS) forecasted El Nino conditions for the 2018/19 rainy season, which were expected to have a negative effect on agricultural production, the country received good rainfall, which is expected to increase agricultural production in almost all crops, resulting in a rebound in agricultural production. This is expected to increase disposable income and demand for products and services from other sectors of the economy. Considering that Malawi is an agro-based economy, a rebound in agriculture is automatically translated into higher overall GDP growth.
The favourable weather conditions and other interventions such as the Malawi-Zambia power interconnection project have stabilized the country’s power supply since the beginning of 2019. In this regard, apart from good performance of the agriculture sector, the real GDP growth of 5.0 percent for 2019 is underpinned by growth in different economic activities including Manufacturing; Electricity, Gas and Water Supply; Construction; Transportation and Storage; and Information and Communication.

Malawi has made strides in increasing agricultural productivity through development of National Seed Policy. The policy has been launched in 2018 to ensure that the country has good quality seeds which are a pre-requisite to increasing agricultural productivity. This will consequently help the country to achieving food security at household and national levels in the long run. A total of 49 technologies have been released on crop varieties, agronomy practices and pesticides. These include technologies on maize, rice, sorghum, common beans, cotton, bambara nuts, composite manure, irrigation, field crop pesticides and post-harvest pesticides which will also help in boosting the food and nutrition security status of the country.

In order to enhance agro-processing capacity, the country has constructed seven Value Addition Centres and agro-processing machines have also been procured and installed in the following districts: Karonga, Nkhotakota, Salima, Machinga, Chikwawa and Nsanje. Meanwhile, agro-processing has commenced in six of the seven value addition centres and cassava, beans, soya beans and pigeon peas have been earmarked for value addition and value chain development. The cooperatives operating the Value Addition Centres have been linked to markets where they are selling their products at better prices.

It is worth noting that there are several interventions that are taking place in the sector which include the Southern Africa Development Community (SADC) - Trade Related Facility Project. The project is aimed at improving the productivity and quality of oilseeds, linking oilseeds farmer groups to processors, providing trainings on post-harvest handling and standards.

The Government of Malawi (GoM) is also investing in Energy in order to boost the manufacturing industry that has been affected by energy inefficiencies for a long time. GoM through the Ministry of Natural Resources, Energy and Mining (MoNREM) has implemented a number of programs in efforts to improve energy supply infrastructure all over the country. Currently, the Ministry is continuing with implementation of its flagship project of the Malawi Rural Electrification Programme (MAREP). MAREP is implemented in phases, and MoNREM has just concluded electrification of 336 rural centres across the country under MAREP 8 thereby increasing access to electricity to rural masses. Meanwhile there are several projects that are in the pipeline. These include; a 300 MW Kam’mwamba Coal Fired Power Plant Project, Energy Sector Support Project (ESSP): Mpatamanga Hydropower Plant, Development of 70MW from Solar and Installation of peaking diesel generators, GoM through ESCOM awarded contracts to
three independent power producers (IPPs) to develop a total of 118 MW grid connected Solar Power plants. These Projects are expected to contribute to the reliability and quality of power supply in the country.

Furthermore, the country has also made progress in ensuring that the country is well connected with its neighbours as poor transportation facilities contribute to high cost of exports and imports in Malawi. Malawi depend more on road and rail transport in order to send and receive goods through Mozambique, Tanzania, Zambia and South Africa. In order to ease movement of goods, Malawi constructed a railway that connects it with Chipata, Zambia in 2010 which is in line with SADC railway regional standards. Furthermore, in 2015 a new railway line was constructed by Valley Logistics Limited connecting Moatizi mine in Mozambique with the existing railway network in Malawi for the movement of coal to Nacala port in Mozambique.

4.2 Agriculture, food security and rural development

4.2.1 Food security

Malawi has progressed unevenly in terms of food security despite the implementation of the Farm Input Subsidy Programme (FISP) a decade ago. Malawi largely depends on rain-fed agriculture which is heavily affected by climatic shocks thereby reducing the level of agricultural production and affecting the food security levels in the country.

Figure 4.1 below shows that during the implementation period of the IPoA the country has not been consistent in meeting consumption requirements which depends on key variables namely food use, replenishment of the SGR, seed requirements and feed and industrial uses. The worst production year was in 2017/2018 when the number of food insecure households tripled. The number of food insecure households tripled (734,779) in the 2017/2018 as reported by the Malawi Vunerability Assesment Committee (MVAC).

This was attributed to adverse weather conditions and incidence of fall armyworm in the country came into notice in 2016 and the worst attack was recorded in the 2017/2018 growing season. Meanwhile a research on fall armyworm control, was conducted which led to the development of integrated pest management measures to boost the already existing biological control measures.
4.2.2 Rural Development

In ensuring that rural areas are not left behind in terms of development, the country through Sustainable Rural Water and Sanitation infrastructure project, constructed 266 sanitation facilities and drilled 450 boreholes across the country. This increased the number of people clean accessing water with no difficulties. It also rehabilitated and extended 12 gravity fed schemes and constructed 2925 community water points to benefit 516,000 people in the targeted districts of Rumphi, Nkhotakota, Phalombe, Mangochi and Ntcheu.

GoM has further embarked on construction of rural roads with the aim of improving accessibility of rural areas and promoting trade. Malawi being an agrarian country, major trading goods are agricultural products that are not only bulky but also perishable. The all-weather roads tend to facilitate the movements of people and products thereby contributing to trade and reducing poverty. The Ministry of Local Government and Rural Development (MoLGRD) has constructed over 101 km roads in Balaka, Thyolo, Mulanje and Rumphi districts during the period under reporting. In addition to these roads, the country has developed rural access roads. Of these 474.8 Kilometres has undergone spot-improvement, rehabilitation and surfacing with the aim of increasing access to markets and support the diversification and commercialization of agricultural production.

Furthermore, Malawi has developed the Integrated Rural Development Strategy (IRDS) to facilitate complementarities of the various interventions by different sectors of the economy. The strategy will help to maximize benefits by harnessing synergies among the various programmes and projects being implemented in rural areas. The precepts of rural developments have been
localized at subnational level through local level development plans. This is in promotion of decentralization drive that empowers the people to undertake their own choice of projects.

The government through MoLGRD developed various interventions in promoting Local Economic Development (LED). LED contributes to integrated rural development through stimulating diversification of the economic base, building backward and forward linkages, ensuring basic standards of social services through provision of basic infrastructure and services, maximizing job-creation and building on available employment opportunities in local areas. LED offers local governments, cooperating partners, the private sector, non-profit organizations and local communities an opportunity to integrate their efforts to improve the local economy. It enhances competitiveness, productivity, and wealth creation for sustainable economic growth.

In an attempt to accelerate the rural development and contribute towards poverty reduction, MoLGRD designed and constructed 14 Rural Growth centres that present as economic niche for the rural areas. The Rural Growth centres are designed and operated to reach a larger share of a rural population with appropriate material and infrastructural services to promote economic and social growth in so far as neglected areas are concerned.

Further to Rural Growth Centres, the Ministry has constructed urban and rural markets to offer opportunities to farmer’s trade their products. In some places, markets are located at rural market places where traditionally some commercial and social activities are promoted. They link a predominantly subsistence-oriented production and household system to a higher-ranking consumption and delivery system of national and regional centres. Growth centres therefore include such activities as craftsmen, agribusiness, transport, small scale tradesmen and social service agencies. The Programme includes the mini agro-processing plants, schools, health facility and access roads just to cite but a few. With improved economic opportunities and social conditions, programmes aim at reducing poverty.

4.2.3 Gender Equality and Women Empowerment in Agriculture

Women represent 52 percent of the population and play an essential role in the household as food producers. It is worth noting that, over half of the farmers in Malawi (59%) are women however, 80 percent of the food which fetches low prices on the markets is produced by female farmers. This is mainly as a result of limited access to markets and lack of credit outlets for female farmers. Although these farmers are under performing, statistics shows that around 30 percent of households are female headed thus subjecting the households to poverty shocks. Through a collaborative project in Promoting Decent Rural Youth Employment and Entrepreneurship in Agriculture and Agribusiness trained 103 rural youths on agribusiness. The youth were also involved in implementation of agricultural clusters and mindandanda, lead farmers, farmer field schools, farmer business schools’ approaches and integrated homestead
farming. The sector also implemented a number of initiatives promoting women empowerment were implemented. For example, empowering female lead farmers and ensuring equitable access of agricultural technologies to the vulnerable, poorest and HIV/AIDS affected people.

To ensure increased number of youth engaging in farming and agribusiness the sector is implementing Agricultural Infrastructure and Youth in Agribusiness Project (AIYAP) with the aim of building the capacity of the youths in value addition and entrepreneurship skills. A total of 148 youth agripreneurs have been trained in horticulture, livestock farming, green house farming, and gender based industry and marketing skills. The project has a target of reaching to 5,000 youth in farming and agribusiness with at least 50% being female by 2022.

4.2.4 Diversification

The sector also registered progress on scaling up diversification in all the districts with emphasis of diversified the following crops: pigeon pea, soya beans, groundnuts, rice and cassava. A total of 20,301 ha were planted to improve production of pigeon pea, soya beans, groundnuts, rice and cassava involving 78,310 farmers and out of these 35,788 are women who were supported with planting materials and fertilizers. Through seed selection and multiplication, the sector has improved production levels of the following crops (in millions of metric tonnes) tremendously.

4.2.5 Agricultural Infrastructure

The sector has a number of agricultural investments in developing irrigation and market infrastructure as part of laying bedrock for agriculture transformation and poverty eradication. With regards to irrigation infrastructure, the main guiding framework for development of irrigation infrastructure is the Irrigation Master Plan an Investment Framework (IMPIF). Under IMPIF, the sector expects to increase Irrigated land from 104,000 ha to 220,000 ha by 2035, i.e. an increase of 116,000 ha in 20 years. This target is to be attained in three phases: Phase I 2015-2020(20,000 ha); Phase II 2021-2025 (28,500 ha) and III 2025-2035(67,500 ha). During the reporting period 11,600 ha have been developed, representing 97% of the first 3 year target achieved and 58% of the entire phase 1 target. IMPIF implementation is on track.

As shown in Figure 4.2, hectarage under irrigation has been increased steadily since 2010. The figure also reveals that through projects the sector has made tremendous progress in promoting smallholder irrigation. This is part of building resilience of these farmers to climate shocks and boosting productivity of land.
The sector has also rehabilitated the following schemes: Masenjere (125 ha), Hara (230 ha), Wovwe (417 ha), Bua (300 ha), Zumula A (110 ha) and Manthimba (113 ha). A total of 2,590 ha have also been rehabilitated covering the following government Schemes: Limphasa, Likangala Complex, Mkhate, Muona, Khwisa, Domasi, Kaombe, Chonanga and Miyombo, Mchere, Mbenderana A and Mbenderana B.

Beside irrigation infrastructure, under the sector constructed 16 warehouses across the country to help farmers reduce post-harvest losses.

### 4.2.6 Strategies to combat the impact of adverse climate events on agriculture

Under this component the sector has made a number of achievements in different interventions. There is an increase in sustainable land and water management initiatives in the sector. Further to this, the sector promoted conservation agriculture among farmers by distributing agro-forestry seed such as tephrosia candida and msangu to small scale farmers. As shown in Figure 4.3 the most progressive technologies are under soil fertility improvement. However, there is need to promote other technologies on conservation agriculture and soil and water conservation in order to attain maximum gains from climate interventions.
One of the strategies used to combat the effects of climate change on agriculture is the micro weather insurance with technical support from the African Risk Capacity (ARC). The 2017/2018 being the worst year in production, the country was given a payout amounting to USD 8.1 million that was used for cash transfer and replenishment of Strategic Grain Reserve (SGR) for humanitarian response. This payout assisted a lot of people in mitigating the impact of shocks such as drought on food availability and their livelihood.

Malawi through the World Food Programme (WFP) implemented a weather index micro insurance. This is a climate risk management scheme known as R4 Rural Resilience Strategy integrated asset creation, weather index insurance, financial and climate services that helps in improving farmer’s resilience to climate change shocks and improving their food and income security in the long run.

These initiatives are geared to help farmers improve resilience to climate change and other risks and shocks which in turn help in achieving food and nutrition security and reducing poverty in a sustainable way. The scheme achieved approximately 40,000 households in Balaka, Zomba, Blantyre, Chikwawa, Nsanje and Mangochi. During the first phase of the Programme over 7,000 who participated received an insurance payout worth USD 400,000 and this is the greatest achievement to reach a payout of this amount in the first phase.

4.3 Trade

Government recognises that trade is a powerful engine necessary for socio-economic growth and poverty reduction. It is difficult, however, to maximise the potential of the sector due to lack of capacity in terms of policies, procedures, institutions, and infrastructure to integrate and compete in global markets effectively. Malawi’s performance in the trade sector in 2018 and estimates for
2019 is shown below and it includes the performance of Malawi in areas of industry and private sector development during the period under review.

4.3.1 Overall Trade Performance

Latest statistics indicate that Malawi is still experiencing a negative trade balance. Between 2016 and 2017, the trade balance widened by 44 percent from Mk 869 billion to Mk 1.2 trillion. Between 2017 and 2018, the trade balance narrowed by 6 percent. It is expected that the negative trade balance will further reduce in 2019.

This is due to sugar volumes are projected to increase by 30.9 percent due to Illovo expecting normal weather conditions, an improvement in the levels of Lake Malawi and the installation of more efficient irrigation systems. In addition, exports of pulses are expected to increase by 20 percent as market conditions return to normal. While the country strives to grow its exports, the value of imports mostly increases or is maintained thereby sustaining the trade deficit. This notwithstanding, the country is undertaking efforts aimed at diversifying exports with the aim of sustainably narrowing the negative trade balance. In the period under review, trade balance eased from the deep of Mk1.2 billion in 2018 to Mk0.8 billion in 2019 as shown in Figure 4.4.

FIGURE 4.4: TOTAL EXPORTS AND IMPORTS SINCE 2016 (MK’ MILLION)

Source: National Statistical Office and Department of Economic Planning and Development, 2019

4.3.2 Malawi’s Major Import and Export Products

Being an agricultural based economy, agricultural products continue to dominate Malawi’s export basket, accounting for close to 80 percent. Most sectors remain in infancy as tobacco, sugar, coffee and tea constitute the largest export sectors of the economy. The closing of the Kayelekera Mine in 2014 greatly has affected the export of ores. The export basket, therefore,
continues to be highly concentrated with a few products with tobacco alone accounting for more than 40 percent of the country’s exports (see Figure 4.5).

**FIGURE 4.5: MALAWI'S MAJOR EXPORTS SINCE 2014 (Mk’ MILLIONS)**

![](image)

*Source: ITC Trade Map Data, 2018*

Continued dominance of tobacco in the export basket makes Malawi vulnerable to external shocks. According to the World Bank’s Malawi Economic Monitor report (March, 2015), this situation is attributable to similar concentration of firms involved in exports. The World Bank estimated that the five largest firms account for more than 60 percent of total exports. This calls for diversification of agricultural products, value addition and industrialisation in order to close the negative trade balance. Other export products from Malawi include raw hides and skins, clothing accessories, meat products, beverages, dairy as well as poultry products.

Malawi’s imports are dominated by high value equipment and manufactured products. As indicated by Figure 4.6 below, machinery constitute a larger share of country’s imports. This is a positive characteristic considering that machinery are capital assets that will help to build the country’s industrial base. Pharmaceuticals and vehicles are second and third major imports, respectively. Preliminary statistics for 2018 show a sharp decrease in the imports resulting in the narrow negative trade balance reported above. Other products imported by Malawi include, furniture, textiles, mineral fuels, essential oils and fertilizers.
4.3.3 Malawi’s Major Trading Partners

Since 2016, SADC has been a major source of Malawi’s imports amounting to more than USD 545 million. Asia comes second with imports of over USD 525 million, the Common Market for Eastern and Southern Africa (COMESA) at USD 140 million and the European Union (EU) at USD 134 million. South Africa, China, India, Zambia and United States of America (USA) in that order, are the five major sources of imports for Malawi.

The European Union (EU) is the biggest export market for Malawi, receiving over 39 percent of Malawi’s exports, worth USD 382 million. This is followed by Asia with USD 251 million. Malawi is currently exporting goods worth about USD 153 million to the SADC region. The African market is Malawi’s real potential market within the context of export diversification. This is because markets outside Africa, especially Europe, import mostly tobacco, tea and coffee. Excluding tobacco, Europe’s share of Malawi’s export, has on average been only 11 percent over the last five years. SADC offers a much more significant opportunity for Malawian diversified exports than the EU, which has more stringent access requirements than the regional market. Additionally, due to Malawi’s land-lockedness, it is cheaper to export to the region than to destinations outside Africa. The tripartite framework (SADC-COMESA-EAC FTA) and the newly launched African Continental Free Trade Area (AfCFTA) are, therefore, promising market for Malawi which must be vigorously pursued and supported.
4.3.4 Trade Agreements

Malawi is one of the founding members of the World Trade Organization (WTO) and is part of different preferential trade regimes such as COMESA, SADC, and bilateral agreements with China, South Africa, Zimbabwe, Mozambique, and Botswana. As an LDC, Malawi also benefits from development-focused pro-LDC trade agreements with the EU and USA, such as Everything But Arms (EBA) and the African Growth and Opportunity Act (AGOA).

At the regional level, Malawi is also participating in the COMESA-SADC-EAC Tripartite Free Trade Area (FTA) negotiations. The tripartite arrangement is envisaged to harmonize customs procedures, promote free movement of business persons, undertake joint implementation of inter-regional infrastructure programmes, and establish institutional arrangements to foster cooperation among the regional economic centres (RECs), with the ultimate goal of creating one large single market.

At the multilateral level, Malawi is participating in the only multilateral agreement that was reached since the establishment of the WTO, i.e. the Trade Facilitation Agreement (TFA), even though it is yet to ratify the agreement. The TFA entered into force on 22nd February 2017 following ratification by two-thirds of the WTO membership. The agreement aims at expediting movement, release and clearance of goods, including goods in transit. For developing countries and LDCs such as Malawi, the agreement contains provisions for technical assistance and capacity building for activities designated as Category C (i.e. activities that can only be implemented with donor support).

4.3.5 Trade Facilitation

To enhance coordination and cooperation of national agencies responsible for border and customs controls, the Malawi with the assistance from World Bank, has developed stream coordinating border agencies from 17 to 5 through a coordinated border management system program. The boarder management system has its own border cabinet at national level to manage affairs within the country. It has also developed one-stop border post (OSBP) to ensure that transactions are done on one side of the boarder (one country) and an electronic single window to facilitate importing and exporting. The Ministry of Industry, Trade and Tourism (MoITT) has also developed the Malawi Trade Portal. The portal contains all trade regulations, roles, laws procedures on transit and imports and exports. GoM further established the National Trade Facilitation Committee (NTFC) to oversee trade matters including transit.

It is imperative to make cross-border transactions faster and more efficiently to allow goods to be delivery on time. It is therefore very important for the country to exchange trade and transport data with transit countries. Thus, the country is ensuring that customs department is collaborating
with their counterparts from the other countries. To that effect, the government is training officers and constructing facilities at Mchinji border post with the funding of the African Development Bank (AfDB).

4.3.6 Policy Interventions

GoM has over the past years undertaken several policy interventions as part of promoting activities undertaken by various sectors as follows:

4.3.6.1 Approval of the Micro, Small and Medium Enterprises (MSME) Policy

On 14th February, 2019, government approved the Micro, Small and Medium Enterprises (MSME) policy. This is a significant development in the MSME sector as the policy aims at address bottle necks affecting its development. The sector has the potential to promote entrepreneurship, which is a seed for industrialisation. In an enabling environment, MSMEs can create jobs, transfer modern technological skills, foster innovation and enhance international competitiveness. Successful MSMEs have the potential to uplift women, the youth and marginalised groups from poverty.

4.3.6.2 Development of Investment and Export Promotion Bill

Government is spearheading development of Investment and Export Promotion (IEP) Bill whose aim is to strengthen the legislative framework of Malawi Investment and Trade Center (MITC) and make its mandate more robust. Under the new Bill, MITC will have a stronger mandate of investment and export promotion and facilitation that under the current bill. The provisions in the new bill include establishing the board and management of the centre, setting up its administrative structure and funding framework. Issues of registration of investors and exporters have also been tackled in the bill as well as issues of access and administration of incentives. Among others, the bill seeks to repeal the IEP Act and the Export Incentives Act [Cap. 39:04]. The bill is currently at the Cabinet Committee level and will, therefore, soon be considered for approval.

4.3.6.3 Promotion of Leather Products

GoM is also implementing National Leather Value Chains Strategy from 2015 to 2024. In addition, in December 2015, MoITT from COMESA Regional Integration Support Mechanism (RISM) programme facilitated development of Textiles and Garment Value Chains Strategy which seeks to revamp the sector. The two sectors are critical to manufacturing and value addition as espoused in the National Industrialisation Strategy which actualising the job creation drive by Government. The Malawi Enterprise Productivity Enhancement (MEPE) Project implemented under the COMESA-RISM Programme has built productive capacity for MSMEs
and cooperatives in the two sectors in addition to the oil-seed sector. So far, the project has supported MSMEs and cooperatives with sewing equipment, leather products making equipment, oil crushing, refining and other tools including laboratory equipment. Members of cooperatives have steadily been gaining ground in finding domestic markets but are yet to register export trade.

According to the National Leather Value Chain Strategy (2015), the leather sector has potential to significantly contribute to economic growth of the economy. Based on its animal resource base of goats, bovine and sheep, the value chain has potential of grossing USD102 million dollars if all hides and skins produced in Malawi are processed into finished products. It is, therefore, estimated that at full potential optimisation, the value chain could contribute about 3.9 percent to the GDP.

4.3.6.4 Development of Micro, Small and Medium Enterprise Bill

MoITT has developed the MSME Bill with the aim of improving the business environment for MSMEs. The bill classifies and regulates MSMEs. It also seeks to increase formalization of informal businesses through simplification of procedures on business registrations, access to credit and facilitation of investments. Approval of the bill is the next step following approval of the MSME policy in February, 2019.

4.3.7 Major Challenges Affecting Trade and Private Sector Development

During the period under review, industrialisation efforts experienced a number of challenges which included (i) Exchange rate fluctuations whereby industries that rely on imported inputs had difficulties to properly plan for their businesses; (ii) High costs of and limited access to raw materials in which case small-scale producers had problems in accessing reliable suppliers; (iii) High transportation costs which affected profitability of businesses; (iv) Insufficient and unreliable supply of electricity which contributed to increased cost of doing business as investors were forced to provide for stand-by power supply which is expensive; and (v) Poor access to serviced land making starting business a night mare for new investors.

4.4 Commodities

4.4.1 Diversification

The sector also registered progress on scaling up diversification in all the districts with emphasis of diversifying the following crops: pigeon peas, soya beans, groundnuts, rice and cassava. A total of 20,301 hectares were planted to improve production of pigeon pea, soya beans, groundnuts, rice and cassava involving 78,310 farmers (35,788 women) who were supported
with planting materials and fertilizers. Through seed selection and multiplication, the sector has improved production levels of the following crops (in millions of metric tons) tremendously as follows: rice (0.379 mt); cassava (10.97 mt); soya beans (0.182 mt); groundnuts (2.232 mt); pigeon peas (6.769 mt); beans (0.82 mt). These production levels are well above the 2012 base lines of rice (0.095 mt); cassava (4.6 mt); soya beans (0.1 mt); groundnuts (0.4 mt); pigeon peas (0.23 mt); beans (0.13 mt).

In 2018 the country’s trade balance improved by 25.7 percent, to a value of USD1,152.4 million from USD1,551.5 million in 2017. This is explained by increases in traditional export products especially sugar, edible nuts and tobacco that grew by 86.6 percent, 29.5 percent, and 6.6 percent, respectively in the year 2018. In 2019 Malawi’s trade balance is expected to worsen by 16.4 percent. Table 4.1 below shows that all values of traditional export products are anticipated to go down in 2019. On the other hand, Malawi’s imports improved by 7.2 percent between 2017 and 2018, and it is anticipated that they will increase by 4.9 percent in 2019. This is illustrated by a forecasted increase in the country’s main import products especially petrol and petrol products that are estimated to go up by 4 percent, also fertilizer imports are expected to increase by 5 percent. But the rise in imports volumes of main import products has been subdued by stable prices in these products.

### Table 4.1: Export Values of Traditional Commodities (US$ Millions)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>483.80</td>
<td>516.09</td>
<td>502.19</td>
</tr>
<tr>
<td>Tea</td>
<td>77.16</td>
<td>62.76</td>
<td>62.76</td>
</tr>
<tr>
<td>Sugar</td>
<td>40.47</td>
<td>75.51</td>
<td>73.49</td>
</tr>
<tr>
<td>Cotton</td>
<td>3.54</td>
<td>4.04</td>
<td>4.10</td>
</tr>
<tr>
<td>Coffee</td>
<td>2.52</td>
<td>4.54</td>
<td>7.15</td>
</tr>
<tr>
<td>Pulses</td>
<td>3.60</td>
<td>12.45</td>
<td>12.26</td>
</tr>
<tr>
<td>Edible Nuts</td>
<td>34.65</td>
<td>44.86</td>
<td>45.26</td>
</tr>
</tbody>
</table>

#### 4.4.1 Enhanced Agro-Processing

Enhanced agro-processing capacity has been achieved through the construction of seven Value Addition Centres where agro-processing machines have also been installed in Karonga, Nkohatokota, Salima, Machinga, Chikwawa and Nsanje districts. Agro processing has commenced in six of the value addition centres and major crops were earmarked for value addition and value chain development. These crops include: cassava, beans, soya beans and pigeon peas. Cooperatives have been also linked to companies where by aggregated value-added produce are sold at better prices than prices offered by vendors.
Noteworthy, other interventions undertaken in the sector include the SADC - Trade Related Facility Project in MoITT aimed at improving the productivity and quality of oilseeds, linking oilseeds farmer groups to processors, providing trainings on post-harvest handling and standards.

4.5 Private Sector Development

In 2013, the government, through MoITT developed and started implementation of the National Exports Strategy (NES) to be implemented for a period of five years. The aim of the NES was to maximize the direct contribution of exports to economic and social development through the private sector in a manner that is balanced with the economic empowerment of the rural and urban poor, smallholder farmers, youths and women. The strategy prioritized three export-oriented clusters for promotion and these were;

i. **Oil Seed Products** – cooking oil, soaps, lubricants, paints, varnishes, meals and flours, bio-fuel, animal feed, fertilizer, snacks and confectionery derived from sunflower, groundnuts, soya and cotton.

ii. **Sugar Cane Products** – sugar, high value branded sugar, sugar confectionery (such as syrups, sweets, caramel etc.), sweetener, ethanol, spirits, cane juice, fertilizer, animal feed, electricity, carbon dioxide, cosmetics.

iii. **Manufactures** – beverages, agro-processing (including dairy and maize, wheat, horticulture and pulse value addition), plastics and packaging and assembly.

Implementation of the NES, which ended in 2018 has resulted in a rapid development of the prioritized sectors, particularly oilseed products cluster, which has seen more companies, cooperatives and farmer groups engage in value addition activities which include processing of oilseeds and oilseed products and this has significantly reduced imports of the same.

To complement then NES, MoITT developed the National Industrial Policy (NIP) in 2016. The goal of this policy is to increase the proportion of manufacturing in GDP through structural transformation. Through this policy the government seeks to improve the business environment as well as to facilitate participation of MSMEs in the manufacturing sector. The policy also seeks to address the environmental and social concerns of industrialization.

In a bid to ease business start-up and access to permits and other essential services relating to doing business, the government established a one-stop service centre (OSSC) within the MITC in 2013 following the enactment of the Investment and Export Promotion Act in 2012. The OSSC enables the business community access business support services under one roof. This signifies a commitment by government to serve the business community in a coordinated and uniform manner and has eased access to a number of services including; investment registration, investment incentives; business registration; immigration permits; accessing to land. This has
contributed to the reduction in cost of doing business in Malawi as most critical offices are under one roof.

Furthermore, the government through the MoITT with the assistance from the World Bank, has developed two programs. It has trimmed coordinating border agencies from 17 to 5 through coordinated border management system program. The boarder management system has its own border cabinet at national level to manage affairs within the country. It has also developed one-stop border posts (OSBP). This program suggests that all transactions should be done at one side (one country).

It has put in place a National trade facilitation committee (NTFC) a committee which oversees the trade matters including transit. MoITT have developed a trade portal which contains all trade regulations, roles, laws procedures on transit and imports and exports. The ministry has also developed an electronic single window which facilitates the importation and exportation of goods and services.

4.6 Human and Social Development

4.6.1 Education

4.6.1.1 Primary Education Sub-Sector

Article 26 of the Universal Declaration of Human Rights (1948) says, “Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory...” The education sector through the Ministry of Education Science Technology (MoEST) embraced this declaration by incorporating Access and Equity to education as one of its thematic areas in the National Education Sector Plan (NESP) of 2008. There are indicators that are used to track sector performance in improving access and equity to education at all levels. Below are details showing the analysis on the sector’s performance in improving access and equity to primary education for a few selected indicators.

a. Student enrolment

Total enrolment of boys and girls in primary school has risen at an average rate of 2.2% per year between school years 2013/14 and 2017/18, amounting to a total increase of 9% percent in four years. In spite of these significant increases in absolute enrolment figures over the years, the Net Enrolment Rate (NER) has shown only modest increases because enrolment growth is accompanied by general population growth and because of high dropout resulting in low primary school completion rates. The net enrolment rate captures the share of enrolled learners of official primary school age in all individuals of that age group in the entire population. According to
Integrated Household Survey (IHS) data, the NER increased from 85% in school year 2010/11 to 88% in 2016/17. The latest Education Management Information System (EMIS) figures for the school year 2017/18 suggest that the NER has further increased from 88% to 90% between the school year 2016/17 and 2017/2018. This is still slightly below the EMIS II target of 93%.

The Gross Enrolment Rate (GER), which captures all enrolled learners (including under and overage) is much higher between 127% (EMIS school year 2017/18) and 122% (IHS4 2016/17). It has been relatively constant, rising slightly from 120% in 2010/11 to 122% in 2016/17 (IHS4). While there is approximate gender parity for the first 4 standards, for standard 5-7 female enrolments is on average 8% higher than male enrolment, while in the last standard male enrolment is higher. The latter reflects higher repetition rates of male learners in standard eight, probably as they voluntarily repeat to improve their selection into secondary schools. The disparity in absolute enrolment figures is also visible in the Net and Gross Enrolment Rates.

According to EMIS, the NER for girls is at 92% but only at 87% for boys (IHS4 also indicates a two-percentage point disparity). The GER for girls is also around 3 percentage points higher.**Enrolment of Special Needs Education (SNE) Learners:** Special education for students with disabilities is one of the key interventions, which the education sector undertakes in order to reduce inequality in education access, achievement and completion. As the population of students eligible for special education is expected to continue to rise with the general rise in total population, the sector needs to prepare and plan for reaching out to them to ensure that they are all in school. It is for this reason that proportion of learners with special needs is regularly tracked to ascertain whether or not the sector target is met.

The sector is faring well in incorporating learners with special needs in schools. In 2015 and 2016, the set targets were met and in 2017, the percentage of SNE learners has even surpassed the annual target. This may be because communities are now aware of the rights of children that have disabilities in their communities.

**4.6.1.2 Secondary Education**

a. **Access and Equity in Secondary Education**

MoEST has put in place strategies of increasing equitable access to secondary education and these are: Increasing enrolment, providing safe and gender responsive sanitary facilities, maximizing the use of existing infrastructure through the use of double shifting and open and distance learning of the secondary school age group, enhancing learning opportunities for all among others.
b. Student Enrolment

Secondary enrolment has steadily increased from 346,304 in 2014 to 387,539 in 2018, representing an average growth rate of 2.9% per year. This is lower than the 3.3% average annual growth rate in the number of secondary schools mentioned above. Although enrolment has been rising this much, it has missed the Education Sector Investment Plan (ESIP) targets as indicated in Figure 4.7 below.

**Figure 4.7: Trend in Enrolment against Annual Targets**

![Trend in Secondary Enrolment](chart.png)

Source: MoEST, 2018

**c. Students with Special Needs**

The Education Sector Plan, stresses on provision of equal and equitable access to education to all Malawians. Several policies have been laid down and are currently being implemented to accommodate every citizen who is interested to learn. About 1.6 percent of total secondary school enrolment was students with special needs. This figure has increased by about 47% year over year from 2017 and about 13% average annual growth since 2010, as seen in the Figure 4.8 below.

**Figure 4.8: Growth of SNE Learners**

![Growth of SNE Learners](chart2.png)

Source: MoEST, 2018
However, of particular concern is the transition rate of Special Needs Learners. It is the MoEST policy that 100% of PSLC passers be selected into secondary schools. The transition rate for SNE students has historically, and continues to be far lower than that of the general population. The Gender Parity Index (GPI) among Special Needs students was 1.07 in the 2017-2018 school year.

Recommendations drawn are:

- Increased monitoring of the SNE Policy, especially towards transition rates; and
- The growth of SNE learners over the years is promising, though more granular data on SNE students, including repetition and dropout rates and reasons can help us target and tailor the sectors policies better.

4.6.1.3 Access and Equity: Higher Education Level

It is the wish of GoM to increase access to higher education. As such, in the year under review (2018/2019), student enrolment in public universities increased from 25000 to 30975 students. Of this figure, 19,353 were males while 11,622 were females.

Enrolment in public universities and colleges has greatly increased due to a general increase in intake, which has been realised through the introduction of weekend classes, opening of new campuses, strengthening of Open and Distance Learning (ODL) and introduction of targeted programmes such as the “Third Government Students Programme” in which Lilongwe University of Agriculture and Natural Resources (LUANAR) is training extension workers on request by Ministry of Agriculture Irrigation and Water Development (MoAIWD).

Universities have also increased access through an introduction of new programmes. For example, University of Malawi (UoM) introduced Bachelor of Commerce (Entrepreneurship) Bachelor of Commerce (Banking and Finance). On its part, Malawi University of Science and Technology (MUST) introduced Bachelor of Arts in Indigenous Knowledge, Systems and Practices and Bachelor of Science in Sports Science. Similarly, newly established institutions like Nalikule Teachers Training College have more cohorts on campus than was the case in the previous year thereby increasing enrolment.

Most of the public universities and colleges carried out different activities to expand access to higher education through infrastructure development. Examples include Information Communication Technology (ICT) Centre, Business Centre and Computer Numerical Control Laboratory infrastructure at the Polytechnic (UoM), multipurpose hall, ODL hub and Biotechnology laboratory at LUANAR.
It should be noted that to increase access to higher education further, the GoM through MoEST is establishing Mombera University in Mzimba District in the Northern Region of Malawi, which will offer undergraduate and postgraduate programmes in Animal Sciences and Veterinary Medicine.

a. Enrolment by Gender

In the 2017/2018 fiscal years, the pattern of student enrolment at undergraduate level showed a higher enrolment of males compared to females. The records from Institutions of Higher Learning show that enrolment of female students in public institutions is still relatively low. However, institutions are doing everything possible towards a 50:50 enrolment target. Strides made with respect to gender include:

- Availability of Gender Policies in institutions such as UNIMA, LUANAR and Mzuzu University (MZUNI); Mainstreaming of gender in their curriculum; and
- Gender wise, the enrolment trend in postgraduate and undergraduate programmes is similar.

4.6.1.4 Student Loans, Scholarships and Grants

Access to higher education was enhanced through student loans, scholarships and grants from organisations and individuals such as the Higher Education Students’ Loans and Grants Board (HELGA). In addition to increasing access, the Board has improved retention of needy students at risk of dropout due to financial limitations. In the year under review (2018/2019), a total of 12,186 students from both public and private universities and colleges applied for loans. Of these, 9,317 (5,724 males and 3,593 females) were offered loans. In addition to the loans, there were a number of scholarships, grants and awards that public universities secured in the year 2017/18.

4.6.1.4 Classrooms

The secondary education sub-sector has for a long time struggled in providing a conducive learning environment for its students. One of the indicators for conducive learning environment is the availability of classrooms that are not congested and in good condition. The recommended student permanent classroom ratio for secondary education is 35:1 and MoEST had aspired to achieve that in 2017.

However, this has not been realized as classrooms are still congested because construction of classroom blocks is not matching the increase in enrolments. In 2013, the student permanent classroom ratio was at about 59:1 for public secondary schools only. Six years later, the ratio has
worsened to 69:1. The gap is widening, indicating an urgent call for double shifting of classrooms and construction of new secondary schools across the country.

4.6.1.5 Quality Improvements

MoEST emphasises on improving the quality of secondary education, and such it has come up with a number of strategies in its National Education Policy. The strategies include equitable deployment of qualified teachers, review and implementation of a relevant and responsive secondary curriculum, provision of appropriate incentives to retain teachers in the teaching professional and enhancing continuous professional development, among others.

4.6.1.6 Pupil permanent Classroom Ratio (PpCR) and Pupil Qualified Teacher Ratio (PqTR)

The school years of 2017/18 and 2018/19 have seen two large rounds of recruitments of new teachers. 9,630 teachers were recruited in 2017/18 and another 8,667 teachers were recruited in school year 2018/19. In the school year 2017/18 there were around 70,100 qualified teachers and 4.9 million learners in public primary schools, leading to a national average Pupil Qualified Teacher Ratio (PqTR) of 70:1.

Figure 4.9: Trend in National Average PqTR

Of course, this impressive decline in national averages hides the disparities in PqTR both between various schools and different standards within the same school. In the school year 2017/18, 25% of all public primary schools had a PqTR of 87:1 or higher and 10% of all schools had a PqTR of 107:1 or higher. Exacerbating the unequal distribution between schools is the unequal distribution of teachers between standards at the expense of lower standards, where PqTRs often range above 100:1.
In an ideal situation, the PpCR is supposed to be equal to the pupil qualified teacher ratio PqTR so that each qualified teacher is instructing his/her students in a well-built, quality classroom. In 2017/18 the PpCR was at 116:1 against a sector target of 94:1, well above target. This is not surprising because the construction of classrooms is expensive and may, in the short run, not be the most cost-effective measure to improve learning outcomes.

4.6.1.7 Teachers - Qualified Versus Unqualified Teachers

The secondary sub-sector is slowly getting rid of unqualified teachers in its system. According to EMIS, in 2018 about 63% of the teachers in public secondary schools had either a diploma or degree in education or had a University Certificate of Education in addition to their degree, representing an improvement by 9.2% from 57.3% recorded in 2017. In grant-aided schools over 88% of the teachers are qualified.

4.6.1.8 Examinations

The Malawi School Certificate of Education (MSCE) examination is the cumulating exercise of 12 years of schooling in the schooling system (eight years at primary level and four years at secondary level). With that in mind, a nation-wide pass rate of 59% is not a good indicator of the quality of learning in secondary school classrooms. Figure 4.10 below shows the pass rates of boy and girl learners in Government schools, with males continuing to outpace their female counterparts, and the gap showing no evidence of closing. Furthermore, Figure 4.10 shows the breakdown of examination pass rates broken out by proprietor, with Government schools continuing to be outmatched by other providers in the subsector.

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Figure 4.10: Pass Rates by Gender in Government Schools

![Graph showing pass rates by gender in Government Schools](https://example.com/graph.png)

Source: MoEST, 2018
Recommendations:

- There is need for in depth analysis of Malawi National Examination Board (MANEB) examinations;
- With historically very low achievement, Malawi Institute of Education (MIE) and MANEB should work together to ensure that there is consistency on what is taught in class and what is tested; and
- There is need for closing gaps between genders, and rural and urban divide in learning outcomes.

4.6.1.9 Gender Parity Index (GPI)

GPI is one of the indicators that is used to measure equity in accessing education for enrolment. In an equitable situation, GPI should equal 1 and as such the expectation of ESIP II was that GPI for secondary enrolment should improve from 0.82 in 2012 to 1.0 by 2017. The graph below Figure 4.11 gives a picture of how the secondary sub-sector has performed in terms achieving gender parity for enrolment.

![Figure 4.11: GPI for Secondary Enrolment Against ESIP II Targets](image)

Source: MoEST, 2018

Although the graph above shows some improvement in the GPI between 2014 and 2018, the annual targets have never been achieved and the gap between the targets and actual performance has been widening each passing year. This shows that there is still a lot that needs to be done in order to absorb and keep girls in school. The positive trend, however, indicates that the goal will eventually be achieved but it will take long if the current trend is not corrected.

4.6.2 Population and Primary health

In view of this, GoM through Ministry of Health and Population (MoHP) developed a Health Sector Strategic Plan II (HSSP II) which outlines medium-term objectives, strategies and activities and guides resource allocation to achieve Universal Health Coverage (UHC) of
affordable and high-quality health care. Through the HSSP II, Malawi is implementing programs that are targeting reduction of HIV and AIDS prevalence and stunting among children of <5 years. There are also programs that are promoting maternal and adolescents’ reproductive health and campaigns for girls to go back to school if they dropped out due to pregnancy. Some of the interventions which GoM is using to curb the vices include:

In an attempt to reduce HIV and AIDS prevalence and number of deaths associated with the epidemic, Malawi adopted Option B+ programme which automatically puts HIV+ pregnant and breastfeeding women on life-long antiretroviral therapy (ART) and Malawi is the global pioneer of the programme. By 2015, 79% of HIV+ women were on ART in the prevention from mother to child transmission (PMTCT) initiative. In 2019, the initiative has been scaled to more than 99% of pregnant women who tested HIV+.

In a drive to mitigate the impact of HIV and AIDS amongst people living with HIV and AIDS, GoM has adopted the UNAIDS 90:90:90 initiatives. According to the initiative, 90% of the people living with the virus in the country ought to know their status and 90% of those who tested positive must be put on ART and 90% of those on ART must have their viral load suppressed to undetectable levels. According to Malawi’s statistics between 2015 and 2019, the following is the status;

Table 4.2 showing Malawi’s drive towards UNAIDS 90:90:90 targets

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population of PLHIV</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Those who know their Status</td>
<td>76.62%</td>
<td>83.15%</td>
<td>85.28%</td>
</tr>
<tr>
<td>Those on ART</td>
<td>78.8%</td>
<td>87.63%</td>
<td>90.99%</td>
</tr>
<tr>
<td>Those with suppressed viral load</td>
<td>87.6%</td>
<td>86.2%</td>
<td>88.89%</td>
</tr>
</tbody>
</table>

Besides these interventions, Malawi has other programs that aim at preventing the continuous spread of the epidemic. Some of the interventions include establishment of workplace HIV and AIDS programs in which institutions engage in advocacy and awareness campaigns on HIV and AIDS for their workforce. There are also other programs which target all population groups on preventive measures for the epidemic and these include promoting condom use and admission of post-exposure prophylaxis (PEP) to persons who have been in direct contact to someone’s body fluids and might be at risk of contracting the virus. These initiatives together have helped in reducing HIV and AIDS incidence rate amongst persons of 15 years above from 0.49% in 2015 to 0.43% in 2017 and 0.37% in 2019.

These results are an indication that Malawi is mitigating the impact of HIV and AIDS amongst its citizenry which may improve their productivity whilst living positively. This will then improve labour efficiency and productivity in the country.
Stunting being a nutritional disorder in children, GoM adopted a multi-sector approach to reduce it. MoHP, MoAIWD, and MoEST are working together in a coordinated manner by implementing different interventions that are aimed at providing appropriate messages aimed at changing peoples’ knowledge, attitudes and practices. These messages are about recommended child feeding practices and sanitation. Through MoAIWD, GoM is promoting integrated household farming in which people are encouraged to have a backyard garden with different crops in it and farm animals. The idea is to increase food availability for the households and the children so that children in country have the required six food groups which are necessary for their growth and health.

Government has also adopted the Infant and Young Child Feeding (IYCF) programme which among other things promotes exclusive breastfeeding for children of 0-6 months of age. Exclusive breastfeeding is essential for infant growth and development since breast milk contains all the necessary nutrients for infants. Different initiatives have been put in place aimed at sensitizing lactating mothers on the importance of breastfeeding. These initiatives include establishment of health facility standards which discourage supplementary feeding to children of 0-6 months of age. Facilities that meet these standards are awarded Baby-Friendly Hospital Exclusive Breast Feeding (EBF) status. The initiative awarded the status to three facilities in 2017 but in 2019, and ten facilities have qualified for the award. This means that health facilities are scaling up the promotion of recommended IYCF practices in the country.

Maternal mortality and teenage pregnancies are other health issues that affect labour productivity in Malawi. The 2015 Demographic and Health Survey (DHS) for Malawi showed that 29% of girls in the country become pregnant while still teenagers. This is a worrisome situation as at that age the girls are not mature enough to undergo labour. It is for this reason that the 2015 DHS survey found that adolescent deaths account for 7% of the total maternal mortality. In view of the foregoing, and in an attempt to reduce maternal mortality, Government has barred traditional birth attendants from providing delivery services for pregnant women. Instead, Government recommends delivery at health facilities. This initiative has helped to reduce maternal mortality rate by 6.3% in 2018.

With these initiatives on maternal health, HIV and AIDS, IYCF and reproductive health for adolescents, GoM is working hard to improve labour productivity in the country. Interventions that are being implemented in these areas are yielding good results that are likely to reduce stunting, HIV and AIDS prevalence and maternal mortality.

4.6.3 Youth development

GoM under Ministry of Labour, Skills and Innovation (MoLSI) through the Technical, Entrepreneurial and Vocational Education and Training (TEVET) oversees the activities of seven technical colleges through which practical and applied skills required for an active and
performing economy are imparted to the youth. These technical colleges are in the following categories:

a) The Grant-Aided Colleges; and
b) Government Owned Colleges

Graduates from these TEVET institutions become productive entrepreneurs in society, some of whom go on to set up their own businesses and in turn, offer employment to fellow youths. In 2018/19 up to 6,000 skilled persons were certified.

Through the TEVET system, the Ministry has also established 14 Community Colleges. This is a flagship programme which is going to be implemented in all the districts in Malawi. At present there are the 13 colleges in operation. In addition to these programmes, the Ministry is also implementing two internship programmes and these are;

a) **Jobs for Youth Project (J4YP)**

This project is being implemented by the MoEST together with the MoLSI with a loan sponsorship from AfDB. It aims at empowering young women and men with relevant skills to enhance their employability and instilling an entrepreneurial culture and provide space for innovation and livelihood. Specifically, the project is, among other things, providing entrepreneurship skills and starter up financing to the youth to start businesses.

The project has three (3) components:

a. **Entrepreneurship Education and Sustainable Enterprise development:** The objective is to enhance youth involvement in the creation of small businesses by fostering an entrepreneurship culture amongst them and supporting the creation and development of youth owned enterprises;

b. **Skills Development for Employability:** The objective is to provide practical training to out-of-school youth and to implement a youth internship programme within existing companies; and

c. **Institutional Support and Project Management:** The objective is to improve the planning, implementation and coordination processes for youth employment promotion through harmonization of policies and regulatory framework.

The internship sub-component is targeting the youth with certificates, diplomas and degrees in the fields of agriculture, manufacturing, ICT and small-Scale mining. The project has so far managed to deploy 546 interns in various work places both in private and public institutions.
b) Graduate Internship Programme

GoM through MoLSI is also implementing graduate internship programme using its own funds. About 3,000 interns have been re-admitted for the 2019/2020 fiscal year in various MDAs. Extra youth will be deployed within the first quarter of the fiscal year. In 2018/2019, 4,687 youths were attached to various MDAs. The programme is mainly focusing on developing interns’ skills required for the job market in both the public and private sectors in order to bridge the skills mismatch problem between the industry (demand side) and training institutions.

4.6.4 Water Supply and Sanitation

4.6.4.1 Safe Water and Improved Sanitation

Below is the statistics of availability of access to safe water and improved sanitation in Malawi since the country signed for IPoA in 2011.

<table>
<thead>
<tr>
<th>Year</th>
<th>Access to Safe Water supply (%)</th>
<th>Access to improved sanitation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National</td>
<td>Urban</td>
</tr>
<tr>
<td>2011</td>
<td>83</td>
<td>95</td>
</tr>
<tr>
<td>2015</td>
<td>86</td>
<td>99</td>
</tr>
<tr>
<td>2019</td>
<td>87</td>
<td>93</td>
</tr>
</tbody>
</table>

Source: Malawi MDGs End line Survey, 2014, JMP 2012, JMP 2017

1. Water Supply Services

Currently, it is estimated that 87 percent of the population in Malawi has access to safe water supply (IHS IV, 2017) as compared to 83% in 2011. Disaggregating the percentage into rural and urban areas; 86% and 93% of the rural and urban population have access to safe water supply respectively. Piped Water in dwelling and communal standpipes is the major sources of water in the urban areas. On the other hand, in the rural areas, the major source of safe drinking water is boreholes seconded by piped water (taps) from Rural Gravity-fed Piped Water Supply schemes, protected shallow wells and lastly protected springs. According to the Malawi Water Sector Performance Report (2018) the functionality of rural water supply systems on average stands at 71 percent.

In order to ensure that every Malawian has access to safe water supply, the following are the main strategies that the sector is spearheading in all its development projects/programs:

i. Developing and expanding raw water resources for sustainable water supply services;
ii. Rehabilitating the existing water infrastructure (i.e. boreholes, Gravity Fed Schemes etc.); and
iii. Promote rain water harvesting.

To enhance sustainability and efficiency of the rehabilitated and newly constructed water facilities and improve their functionality rate, the ministry has adopted a participatory planning, implementation and monitoring of water supply services at local level through the formation of facility management committees (i.e. Water User Associations and Water Point Committees). These are trained to manage and maintain the facilities. The sector has also instituted mechanisms to monitor and reduce unaccounted water (i.e. Non-Revenue Water) in all the Water Boards.

With the ever-growing national demand on water resources and concerns on its availability and accessibility, better management of the water resources to ensure that it is available and does not limit social and economic development cannot be over-emphasized. The sector has therefore embarked on the following strategies to improve water resources availability and efficient utilization;

a. Improve utilization of groundwater resources;
b. Enhance development of multipurpose dams;
c. Improve water resources monitoring and management information systems; and
d. Promote integrated planning in the water resources development and management activities.

2. Sanitation Services

Currently 44% of people have access to improved sanitation facilities (43% in the rural and 48% in the urban) according to the Joint Monitoring Program (JMP), 2017. Only 10% of the population has a functioning hand washing facility with water or soap. Of the 263 Traditional Authorities (TAs) across the country, only 95 have been declared open defecation free (ODF). Improved sanitation services contribute significantly to public health and quality of life. They also ensure hygienic environments, protect water resources from pollution and promote conservation of water. To ensure improved sanitation for all, the Ministry implements the following strategies:

a. Strengthen surveillance of sanitation facilities across the country;
b. Establish an Information Management System to facilitate prioritization and targeting of sanitation and hygiene interventions;
c. Enhance collaboration of all players in the sanitation sub-sector; and
d. Strengthen capacity of all implementers at all levels.
4.6.4.2 National Policy Context

The Vision 2020 was developed in 1996 to provide a long-term perspective for the development of the water sector. To achieve the Vision 2020, GoM has overtime developed successive medium-term strategies that include the current MGDS III (2017 – 2022).

In line with the Vision 2020 and MGDS III, the main policy documents and legislative instruments that guide the sector planning and implementation of programmes are the National Water Policy (2005), which is given effect by the Waterworks Act of 1995 and the Water Resources Act of 2013, and the National Sanitation Policy (2008), which is given effect by the Waterworks Act but also to some extent the Public Health Act (1948), Local Government Act (1998) and Environmental Management Act (1998).

4.6.4.3 Regulation of Water Resources

The National Water Resources Act 2013 and associated regulations provides for the establishment of the National Water Resources Authority (NWRA). Among others, NWRA is mandated; to develop principles, guidelines and procedures for the allocation of water resources; to monitor, and from time to time reassess, the National Water Policy and the National Water Resources Master Plan; to receive and determine applications for permits for water use; to monitor and enforce conditions attached to permits for water use; to regulate and protect water resources quality from adverse impacts; and to manage and protect water catchments. The Authority is also mandated to establish regional offices in or near any catchment area as the Authority may determine.

Currently NWRA is not fully operational. As the transitional arrangement, the Act gives power to the Water Resources Board Secretariat (established under the amended Water Resources Act of 1969) to continue undertaking the Regulatory Activities for both water resources and wastewater management until NWRA is fully operationalized.

4.6.4.4 Water Supply and Sanitation Regulation

Currently the country does not have an independent regulator for water supply and sanitation. Regulation of water supply and water born sanitation is done by Government through the Department of Water Supply and Sanitation Services (DWSSS). The major tools that the country is using are the Water Board benchmarking exercise. This arrangement however leaves out some service providers in some peri-urban centres that are being supplied by the Water Users Associations (WUAs) and Non-Governmental Organizations (NGO).
The benchmarking framework is a tool for assessing performance of the water boards. The sector agreed on specific indicators which are used to benchmark the boards with the best performer getting a reward while worst performers being encouraged to do better or indeed being warned. Examples of such indicators are; levels of non-revenue water, Water quality, service coverage and production growth, financial sustainability etc. In total there are 24 main indicators.

4.6.5 Gender Equality and Empowerment of Women

The Government continues to strive toward actualizing its commitments on Gender Equality and Women Empowerment. Over the past four years, the main focus has been the creation of a conducive legal and policy framework for gender equality. Further, Government has been mainstreaming gender in the national development process by building capacity of MDAs. In 2018 Government deployed 52 Gender and Development officers to District Councils who are key in gender mainstreaming at District and Community Level. In the same year, Government developed and launched the Strategy for Ending Child Marriages and carried out campaign on ending child marriages in collaboration with the media and Civil Society Organization (CSOs) to reduce cases of Gender Based Violence (GBV).

The Government continues to promote women in politics to ensure that there is equal representation of women in decision making positions. In 2019, Government engendered the electoral laws and coordinated the Political Empowerment of Women (PEW) meetings targeting the agency that was coordinating the 50:50 Campaign in preparation for the Tripartite Elections which took place on 21st May 2019. Further, to ensure that the citizens are sensitized on gender related legal and policy frameworks, government disseminated the National Gender Policy and Strategy on Ending Child Marriages in simplified Information Education Communication (IEC) materials such as booklets and radio messages. This has led to more awareness on issues of child marriages and gender equality. On the other hand, Government recognizes that for gender equality to become a reality there is a need to mainstream gender in the Country’s education system. In this regard, Government facilitated the development of curricular courses in Diploma, Degree and Masters at UNIMA and LUANAR. This will ensure that there is adequate expertise in the Country on Gender and Development.

In an attempt to reduce GBV and increase participation of men, women, boys and girls in development, the Government printed and disseminated the Gender Related Laws to key stakeholders in Courts, Police, TAs, Religious and Opinion Leaders in all the districts. It further facilitated nullification of 600,000 child marriages and children withdrawn from child marriages were readmitted back to schools.

On Women Economic Empowerment, GoM is implementing Village Savings and Loans (VSL) Initiative targeting the poor including rural women. Over 3,000 clusters of loans and village
savings groups are operational benefiting 4.5 million individuals and over Mk 5 billion (USD 7 million) is in circulation. This will go a long way in ensuring that women and girls are economically emancipated.

4.6.6 Social Protection

Social Protection in Malawi is guided by the National Social Support Policy (NSSP) which is in turn operationalized through the Malawi National Social Support Programme II (MNSSP II). MNSSP II affirms government’s commitment to deliver social support by providing income and consumption support to the poor and food insecure, by protecting the vulnerable against livelihood risks, by developing a social protection system that is able to respond to shocks in conjunction with the humanitarian sector and by enhancing the social status and rights of the marginalized. Its overall objective is to reduce ultra (extreme) poverty as well as the economic and social vulnerability of poor and marginalized groups.

Three core pillars have been identified under the MNSSP II to achieve the strategic objectives of the NSSP and each pillar has a strategic objective that addresses a specific need of poor and vulnerable individuals and households. The three core pillars are:

i. Consumption Support Pillar: Government provides consumption support to enable households to meet their basic needs, including for food security, shelter, education and health in order to provide a minimum of protection to shield households from the most immediate form of deprivation. The Social Cash Transfer Programme (SCTP), public works programmes (PWP) and the national School Meals Programme (SMP) provides direct consumption support and are therefore the focus of this pillar. In 2019, government increased the SCTP coverage from 176,000 households to 280,000 households thereby covering all the 28 districts. Currently monthly transfers have been made to 280,000 households with funds disbursed to beneficiaries amounting to Mk 24 billion. The SMP targets public primary schools and currently covers 2,158,428 learners. PWP provide cash and/or in-kind support in exchange for labour from ultra-poor and poor household members. The short-term objective is to provide consumption support, whilst the longer-term objectives include increasing the resilience of participating household members by enabling them to build and create productive assets, skills and livelihoods.

ii. Resilient Livelihoods Pillar: Government acknowledges that providing consumption support alone is rarely sufficient to enable households to access more resilient livelihoods. To this end, government with support from International Fund for Agriculture Development (IFAD) is implementing the Financial Access for Rural Markets, Smallholder Enterprises project (FARMSE), under which is a graduation programme whose aim is to graduate participating households from poverty by supporting these household to develop viable livelihood strategies.
through the provision of training and by facilitating them to access pro-poor markets and value chains.

iii. Shock Sensitive Social Protection Pillar: Underlying food insecurity and seasonal patterns of production and consumption in Malawi result in recurrent crises and hinder long-term poverty reduction. To ensure that poverty reduction and human capital development gains made under the consumption and resilient livelihood pillar are protected against shocks, government has developed a social protection system that allows prevention, mitigation, and, if needed, a swift response to shocks through both social protection and humanitarian sector, either through vertical expansion (larger case load) or horizontal expansion (top-up transfers). GoM has implemented the horizontal expansion through provision of a lean season top-up to 24,000 households on SCTP in Balaka and Ntcheu districts with Irish Aid support.

The three pillars provide a coherent and flexible approach under a single programme (MNSSP II) to provide complementary social support in Malawi. These three pillars are further supported by two rather technical pillars, the linkages and systems strengthening pillar. The linkages pillar was borne out of the realization resources available for social support are limited given the high levels of poverty and vulnerability, it is important to exploit and realize such linkages between programmes to maximize impacts. In addition, the systems strengthening pillar was developed in an effort to strengthen government leadership, promoting a coherent social support policy, ensuring programme coordination and encouraging harmonized, effective and efficient implementation. One important development under the systems strengthening pillar, has been the development of the single registry known as the Unified Beneficiary Registry (UBR). The UBR is an exhaustive and centralized database which supports outreach, intake, registration and determination of potential eligibility of beneficiaries for one or more social assistance programmes. The UBR provides several benefits including-

a. Provision of data for all programmes, at lower administrative cost;

b. Provision of a consolidated source of information on what programmes and social assistance a household is receiving; and

c. Aid coordinated and harmonized delivery of benefits.

Data collection for the UBR has been finalized in 16 districts and is currently underway in Mangochi, Chikwawa Machinga and Nsanje. Following completion of the 4 districts, the UBR will be rolled out to the last phase of districts that include, Neno, Mwanza, Mulanje, Thyolo, Mzimba and Zomba.

Another area under systems strengthening, is harmonization of social support delivery systems i.e. e-payment modality. In this regard, Government has commenced the process of scaling up e-payment for the SCTP to three additional districts having successfully implemented it in the two
districts of Balaka and Ntcheu where the e-payment was introduced on pilot basis. The e-payment mechanism is cost effective and it also ensures that the cash transfer reaches the intended beneficiary.

4.7 Multiple Crises and Other Emerging Challenges

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, the country must conserve and protect its valuable environment and natural resources. In this regard, the government has implemented various measures to safeguard the country’s natural resource base and improve resilience to climate change impacts. The Ministry of Natural Resources, Energy and Mining (MoNREM) through the Environmental Affairs Department (EAD) is mandated to provide cross-sectoral coordination in environment, natural resources, and climate change management through monitoring, overseeing compliance, and provision of technical and information services. The following show performance of environment, natural resources and climate change programmes towards reducing vulnerability to various shocks.

4.7.1 Environment and Natural Resources Policy and Regulatory Frameworks

Recognizing the critical role that policy and regulatory frameworks play in ensuring the sustainable management of natural resources in the country, GoMin consultation with various stakeholders developed the Environment Management (Climate Change Fund) Regulations, which were gazetted in December 2018. The objectives of the fund are to first, provide financial and other resources for undertaking climate change interventions in Malawi; and secondly, to promote, with respect to climate change, the attainment of

i. climate change adaptation;
ii. climate change mitigation;
iii. capacity building, education, training and awareness activities; and
iv. research, technology development and transfer and systematic observation.

lastly, to stimulate co-operation and participation in the pursuit of the above objectives in climate change interventions.

The Government has also developed and implemented guidelines on access and benefit sharing of biological and genetic materials in the country. The guidelines assist in controlling biotrade and promoting fair and equitable sharing of benefits arising from the utilisation of biological resources in the country.
The Government has reviewed the Environment Management (both Chemicals and Toxic Substances as well as Waste Management and Sanitation) Regulations of 2008 to ensure that new scientific information that has emerged since 2008 is incorporated into the regulations for the effective protection of the environment and human health.

The Government has also developed and printed a National Waste Management Strategy for 2019-2023, which sets out the priorities to be pursued to minimise the detrimental impact on human health and the environment associated with waste and to improve the management of waste in the country taking into consideration the SDG Agenda 2030. The strategy provides information on the regulatory and institutional infrastructure, status of waste management in Malawi, and different types of wastes as well as tools to enable regulatory bodies, generators of hazardous waste, including the public, and recyclers and operators of facilities to enable them to minimise, recycle, treat and dispose of waste in an environmentally sound manner for the sustainable development of Malawi.

The Government with financial assistance from Global Environment Facility (GEF) and technical assistance from the United Nations Environment Programme (UNEP) reviewed and updated the 2005 National Implementation Plan (NIP) for the Stockholm Convention on Persistent Organic Pollutants (POPs) in Malawi taking into consideration the new chemicals added to the Stockholm Convention on POPs. The revised NIP provides information on POPs management in Malawi since the 2005 NIP was developed. It has focused on key areas including: the legislative and institutional frameworks, capacity building, information exchange, public awareness and research and development. The updated NIP also provides the current status of management of specific POPs including pesticides as well as providing baseline information for the new chemicals added to annexes A, B and C of the Stockholm Convention. The NIP provides guidance on the implementation measures that Malawi should take in order to effectively manage POPs for the protection of human health and the environment in accordance with the SDGs.

In ensuring the safe use and handling of ionising radiation sources in the country, the Government developed Atomic Energy (both Safe and Secure Transport of Radioactive Materials and Naturally Occurring Radioactive Materials) Regulations. These regulations will be useful in ensuring radiation protection and safety of the workers, the patients, the general public and the environment from the harmful effects of ionising radiation. The regulations will also ensure security of the radioactive sources and radioactive materials that are used or produced in various facilities and activities. These will assist the country in minimising and combatting harmful effects of radiation to human beings and the environment.

Furthermore, the Government has strengthened the capacity of the judiciary through trainings to enhance their understanding of environmental issues. A total of 18 lawyers have been trained and
oriented on biosafety issues. The lawyers were sensitized on the Cartagena Protocol on Biosafety, which is a global legally binding protocol to the Convention on Biological Diversity (CBD) that seeks to contribute to ensuring the safe transfer, handling and use of living modified organisms (LMOs) created through modern biotechnology. They were further oriented on existing laws, regulations and guidelines for the implementation of the protocol so that they are well conversant with the issues when prosecuting offenders.

With financial and technical support from UNEP and UNDP, the Government strengthened the institutional capacity of the judiciary and law enforcement officials in environmental law through training, sharing expertise and legal guidance materials. Under the project, the Government integrated environmental law in judicial education and prosecutor training programmes in Malawi; developed and printed a training curriculum on environmental law for the judiciary, which has since been distributed to magistrates across Malawi; developed and printed a training curriculum on environmental law for police prosecutors; and enhanced capacity on environmental law for judges, magistrates, investigators and prosecutors through training workshops. 14 female magistrates and 47 male magistrates were trained in environmental law and 7 were female investigators and 17 male investigators were trained in investigation and prosecution of environmental crimes.

4.7.2 Mainstreaming of Environment and Natural Resource Management (ENRM) Issues into Development Policies and Programmes

The Government continues to promote the integration of environmental considerations into development projects through the implementation of Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMPs) and Environmental Audit processes. Various development programmes and projects in the areas of infrastructure, mining, agriculture and water were reviewed for adherence to ESIA guidelines and environmental standards/legislations. During the fiscal year, 19 ESIAs and 80 ESMPs were reviewed and approved to ensure environmental sustainability. The proposed projects whose ESIAs were approved included: Water supply and irrigation projects (the Lake Malawi Water Supply Project from Salima-Lilongwe, the Karonga Water Supply Project, the proposed Lifuwu Irrigation Scheme in Salima, the proposed Bwanje Dam in Dedza, the Smallholder Irrigated Orchards Scheme in Salima, the Nyunyu Irrigated Banana and Mangoes Project in Salima, the Lwanjati Coffee and Macademia Irrigated Estate in Mzimba); mining projects (the Limestone Mining Project at Siliya in Ntcheu, Msambo Quarry in Lilongwe); power supply projects (the Nkhotakota Solar Photovoltaic (PV) Project in Nkhotakota, the 40 MW Solar PV Plant in Salima, the proposed 400 kilovolt (KV) ESCOM Backbone Project); hotel projects (the 100 Bed 4 Star Hotel at Livingstonia Beach in Salima, the Riverbend Garden Villas in Lilongwe, the Sun View Hotel in Lilongwe); the proposed Rehabilitation of the railway line from Msandama to
Mchinji; the Malawi Defence Force Referral Hospital in Lilongwe; the Pharmaceutical Manufacturing Plant in Lilongwe; and the CPI Timber Processing Factory in Mzimba.

Furthermore, the Government continued monitoring the implementation of development projects to ensure compliance with Environment and Natural Resource Management (ENRM) legislations. In this regard, 17 potentially polluted sites were inspected and best environmental practices were promoted. The sites and facilities inspected include: Mount Meru Cooking Oil Factory at Lumbadzi in Lilongwe, Castel Malawi Limited in Mzuzu, the Nsilo Waste Management Site in Mzuzu, Central Poultry 2000 Limited in Lilongwe, Likuni Meadows Housing Community in Lilongwe, Chibuku Breweries in Lilongwe, Sun Seed Oil in Lilongwe, Sun Share Limited in Lilongwe, Liwonde Tannery in Machinga, Phalombe Teacher Training College in Phalombe, Naming’omba Tea Estate, Nyasa Metals Industry in Blantyre, Agri-Value Chain in Blantyre, Capital Dairy Industries in Lilongwe, African Cattle Ranch in Blantyre, Lime Company in Blantyre and Dairy Board at Ginnery corner in Blantyre. All companies that were found non-compliant were ordered to stop operations undertake remedial measures, to conduct environmental audits and to adhere to the principles of good environmental management. Eight companies were fined for either polluting the environment or for violating environmental legislations/standards.

4.7.3 Strategic Management of Climate Change and Ozone Depleting Substances

The Government, with guidance from the National Climate Change Management Policy and the National Adaptation Programmes of Action (NAPA), has developed and implemented various programmes and interventions in climate change vulnerable communities, which are aimed at improving food security, increasing climate resilience, reducing carbon emissions into the atmosphere, and increasing the adaptive capacity of the people and ecosystems.

Government through the Implementing Urgent Adaptation Priorities through strengthened decentralised and national development plans in Malawi (Adapt Plan) Project has implemented various climate change adaptation interventions in Nkhata Bay, Ntcheu and Zomba districts. Notable achievements include the construction of one solar powered integrated water supply system at Chipusire, TA Mpando in Ntcheu District, the construction of three solar-powered irrigation schemes in Zomba District, namely, Tilitonse solar powered integrated water supply system in Sub-Traditional Authority Ngwelero, Chiswamafupa solar powered integrated water supply system in TAMwambo, and Sunuzi solar-powered integrated water supply system in TAM’biza (each 10ha in size); the construction of one centre of excellence (CBA demonstration centre) in TA M’biza, Zomba District, and one centre of excellence (CBA demonstration centre) in TA Mbwana, Nkhata Bay District; and the construction of eight Fish ponds, two in Zomba and six in Nkhata Bay. The project has further provided safe drinking water to the beneficiary communities through construction and rehabilitation of boreholes where a total of 15 boreholes
have been drilled (9 in Zomba and 6 in Nkhata Bay), promoted livestock production (goats, piggery and poultry), and facilitated beekeeping for honey production for household income in order to reduce their vulnerability to adverse impacts of climate change.

Furthermore, the Government through the Climate Proofing Local Development Gains Project has implemented a number of programmes in urban and rural areas of Machinga and Mangochi Districts. Notable achievements in the project areas included: the rehabilitation of Issa Mponda solar-powered irrigation scheme (5ha) in T.A Mponda Mangochi and construction of two medium irrigation schemes (60ha) at Namosi, TA Mlomba and Ulongwe, TA Nyambi in Machinga; the development of a climate-smart fishing handbook; the construction of a climate-proofed multipurpose dam in Stambuli village, TA Mponda in Mangochi district to supply water for irrigation farming, fish farming and domestic purposes; the promotion of beekeeping and mushroom production in TA Mlomba, Nyambi and Chikweo in Machinga district, which has resulted in increased income in communities in the project area (about Mk13,000,000 of income has been realised under this programme); the rehabilitation of a 12km road at TA Chikwewo in Machinga District to improve access to the area; and construction of Likonde oil refining factory, at Issa Mponda, TA Mponda in Mangochi.

The Government, in accordance with the requirements of the Montreal Protocol on the protection of the ozone layer, continues to implement activities on the phase-out of Ozone Depleting Substances (ODS) in the country. A major source of ODS in Malawi is from the refrigeration and air-conditioning sector. So far, more than 40 percent of hydrochlorofluorocarbons (HCFCs) have been phased-out in the country and HCFCs will be completely phased out by 2030 as per the Montreal Protocol schedule. This reduction in consumption of HCFCs is attributed to the strong enforcement of ODS regulations, enhanced awareness on ozone issues and enhanced capacity of key stakeholders involved in the ODS phase-out activities. In an effort to meet the phase-out targets under the Montreal Protocol, the Government has trained 320 refrigeration technicians on good refrigeration practices; trained 260 customs officers on control and monitoring imports of ODS and continued monitoring compliance to regulations on the management of ODS in the country. Since the ODS phase-out project implementation started, the country has managed to completely phase out the use of chlorofluorocarbons and methyl bromide in the refrigeration and agriculture sectors, respectively.

4.7.4 Biodiversity Conservation and Protection

Recognising the critical role of biodiversity and ecosystems in poverty reduction, the Government continued implementing programmes aimed at promoting conservation and sustainable use of biodiversity in the country. The Government developed and implemented a project on enhancing sustainability of Protected Areas in Malawi, and stabilising agro-production in adjoining areas through improved Invasive Alien Species management (IAS). The project is
implemented in Mulanje Mountain Forest Reserve and Nyika National Park. It will assist the
country in managing Invasive Alien Species in the two sites and surrounding areas.
The Government further prepared the Sixth National report to the Convention on Biological
Diversity for Malawi in accordance with Article 26 of the Convention and decision X/10 of the
Conference of the Parties. The report is a key source of information for implementing
biodiversity programmes in the country. It is also an important planning tool for biodiversity
management at the national and local level.

4.7.5 Management of Nuclear Radiation Sources

To improve the management of nuclear radiation sources in Malawi, the Government officially
launched Atomic Energy Regulatory Authority (AERA) on 6th March, 2019. The Authority is
mandated to coordinate and promote the implementation of activities aimed at protecting human
and the environment from the harmful effects of ionising radiation. Among others, the
Government has updated its inventory of radiation sources in the country, strengthened the
capacity of institutions on handling and safe use of radiation sources and enforced regulations on
management of radiation sources in the country. Furthermore, guidelines on handling,
transportation and safe use of radiation sources have been developed and implemented to ensure
nuclear safety and security.

4.7.6 Environmental Information, Education and Public Awareness

In an effort to increase popular participation and behavioural change in Climate Change and
Environment and Natural Resources Management (ENRM), the Government continued
sensitising the general public on the importance of managing natural resources in the country.
Environmental awareness materials on various thematic areas such as Waste Management,
Biodiversity Conservation and Climate Change Management have been developed and
disseminated through print and electronic media. Furthermore, the capacity of district councils in
the development of District State of Environment and Outlook Reports (DSOER) has been
strengthened. District State of Environment and Outlook reports for Salima, Mulanje and
Mwanza have been prepared. These reports inform development plans at the district level.

4.7.7 Post-Disaster Needs Assessment

GoM with support from UNDP, the World Bank and the EUcommissioned a Post-Disaster Needs
Assessment (PDNA) to assess the impact of the floods on different sectors and determine the
recovery and reconstruction needs across the affected districts. The PDNA focused on three
major sectors of the economy and crosscutting sectors:
i. **Productive Sector:** Agriculture (include crops, irrigation and fisheries) and Industry and Trade;

ii. **Social Sector:** Education, Health, Nutrition and Housing;

iii. **Infrastructure:** Transport, Energy, Water and Sanitation and Water Resources; and

iv. **Cross cutting issues:** Disaster Risk Reduction, Employment and Livelihoods, Gender, Disability, Governance and Environment.

The total damage and losses were estimated at USD 220.2 million) while the Total Economic Impact (TEI) was estimated at USD 9.96 million representing 0.13% of GDP (production approach). The Total cost of recovery and reconstruction was estimated at USD370.5 million.

The Government put in place national instruments that will build the resilience of the country from effects of such disasters. The country has a National Resilience Strategy (NRS) which introduces a new sense of common purpose to break the cycle of food and nutrition insecurity in Malawi by bridging development and humanitarian interventions and prioritizing a continuum of more predictable livelihood support ‘packages’ that target vulnerable households. The NRS focuses on addressing the major climatic shocks that the country faces, primarily drought or dry spells and floods.

The country also has the Malawi National Climate Change Management Policy (2016) which outlines the set of principles, strategies, and institutional frameworks for effective management of climate change. These include: capacity building; education, training, and public awareness; Reduction of Emissions from Deforestation and Forest Degradation (REDD+); adaptation and mitigation across multiple sectors (including agriculture, energy, industrial development, waste management, forestry, water resources, and wildlife). The policy advocates for the integration of climate change strategies and proposed action plans into sectoral policies and programmes.

Malawi has also finalised the review of the Disaster Preparedness and Relief Act and is in the process to develop a Disaster Risk Management (DRM) Bill. The DRM Bill has provisions that will contribute to building resilience of communities and the country as a whole to disasters by focusing on disaster prevention, mitigation, preparedness, response and recovery.

The Government has developed Safer Housing Construction Guidelines that will be used to guide the reconstruction of the damaged structures in order to achieve ‘build back better and safer’ concept to help come up with resilient structures. The Government will ensure that the affected communities do not reconstruct their homes in flood prone areas. Hazard mapping will be conducted to inform decision as to choose settlement areas and public infrastructures to avoid damage by subsequent flooding. Government will continue constructing and strengthening flood
control measures in the flood prone areas. Flood-forecasting and community based flood early warning systems will be strengthened in all flood prone areas.

4.7.8 Debt and Debt Management

Government developed a medium-term strategy on public debt management which is expected to reduce risks to the economy brought in largely due to a lack of a coherent direction on debt. This is due to the reason that addressing a rising public debt, which is also undercutting the efficiency of the management of budget, requires a multi-faceted policy response. The structure of Malawi’s domestic debt is not exactly optimal at present. It is skewed towards short-term debt and to holdings by the central bank. The medium term strategy is envisaged to be a strong debt management framework which will help weed out bad deals and improve Malawi’s financial position by reducing risks or debt servicing costs.

As of end 2006, Malawi’s public debt stood at 27 percent of GDP. Now the ratio has doubled to 54.3 percent, according to figures from the International Monetary Fund (IMF). While Malawi is not among the 18 African countries at high risk of debt distress, concerns have been raised about rising public debt which continues to increase. As of December 2017, according to Reserve Bank of Malawi (RBM) figures, the public debt was at Mk2.4 trillion, of which Mk1.4 trillion was external debt and Mk1.2 trillion was domestic debt. In the 10 years to 2017, Malawi has spent Mk 123 billion in servicing debt, of which Mk52 billion was interest payments. In the medium-term, the Government intends to restructure the domestic debt to ensure that there is more long-term dated debt than short-term while on foreign borrowing, government’s strategy will involve getting more concessional loans from multilateral sources.

The performance of revenue and expenditure in 2018-19 fiscal year translated to a net borrowing of 5.80 percent of GDP, an improvement from 6.07 percent of GDP recorded during the 2017-18 fiscal year. The government is committed to reduce the deficit to 2.48 percent of GDP as projected in the 2019/20 financial year (FY). This is in line with the objective GoM stated in the Medium Debt Management Strategy of bringing debt on a downward trajectory. Government will also continue implementing measures to create fiscal space for inclusive and sustainable economic growth.
4.7.9 Mobilizing financial resources for development and capacity building

4.7.9.1 Domestic Resource Mobilization

a. Revenue Policies and tax administration

The GoM has implemented a number of tax reforms since 2011 to enhance domestic resource mobilization. The reforms touched on both policies and tax administration. On the policy front, the Government has endeavored to promote broad based tax policy reforms on both income taxes, value added taxes and other taxes on goods and services. Some of the reforms include; minimizing the list of exemptions and zero rated products for Value Added Tax (VAT), minimizing to the extent possible granting of tax incentives except for priority sectors namely agro-processing and energy generation and transmission.

The tax administration reforms implemented over the years have focused on strengthening the systems of revenue collection as well as strengthen audit functions of the Malawi Revenue Authority (MRA). In 2013, the Government introduced Electronic Fiscal Devices (EFDs) for VAT administration with a view to increase revenue collection, ensure tax compliance and reduce the cost of collection. Further, the Government introduced E-payments to make it easy for taxpayers to meet their tax obligations. Additionally, in order to promote legitimate trade across the borders and minimize delays in clearance of imported goods, the Government has introduced Cargo Scanners across the country. In 2014, ASYCUDA +++ was upgraded to ASYCUDA World which has improved customs service delivery to importers and strengthened controls within the customs to safeguard revenue collection. Finally, the Government has also embarked on major project on automation of domestic tax administration. Currently, government is developing an Integrated Tax Administration System (ITAS) now called Msonkho Online, which once completed will revolutionaries the tax administration system and improve customer service delivery.

In terms of international taxation, the Government has over the years invested a lot in capacity building in the area of tax treaty negotiation and transfer pricing. In that regard, a number of DTAAs have been reviewed and renegotiated and this process in on going.

The Government also signed up to the Extractive Industry Transparency Initiative (EITI) in 2015. Government therefore, remains committed to improving transparency and accountability in the management and use of revenues from this sector by ensuring full implementation and adherence to the principles and objectives of the EITI. Malawi has so far published two EITI reports since becoming an EITI candidate in 2015.
b. Tax Legislation Review

Since 2017, the Government has developed two pieces of tax legislation namely Tax Administration Bill (TAB) and Revenue Appeals Tribunal Bill (RAT). The Tax Administration Bill aims at reconciling and unifying the administration of tax laws and promoting a business approach to tax administration. While, the Revenue Appeals Tribunal Bill, aims at creating a streamlined process and creation of a specialized forum for resolution of tax disputes.

c. Assessment of the evolution of domestic savings and financial inclusion

Gross national savings have remained low in Malawi averaging about 16.5 as a percentage of GDP over the last 10 years. The enactment of the Pension Act in 2011 is one of the major reforms that GoM has undertaken aimed at fostering agglomeration of national savings in support of economic growth and national development. Since then, the pension savings have grown to Mk 757 million as of March 2019. The implementation of contributory pension scheme in the public service is expected to further increase domestic savings.

d. Policies to increase domestic savings and financial inclusion:

In order to increase domestic savings and financial inclusion in the country, GoM is implementing the following policies and strategies:

i. The Financial Sector Development Strategy II (2017-2021) which is aimed at developing a resilient, competitive and dynamic financial system that will be able to help strengthen domestic financial institutions to meet the growing financial needs of Malawi’s businesses, industry and the general population;

ii. The National Strategy for Financial Inclusion (2016-2020), whose objective is to increase access to financial services, including savings, in the country especially to the un-served and underserved sections of the population. Apart from formal savings, the Strategy also aims at leveraging on informal savings and loan groups (SLGs) to mobilize savings and link them to formal financial service providers;

iii. The National Financial Literacy Strategy (2016-2020) is aimed at building a financially literate nation. Increased financial literacy will enhance financial inclusion; increase personal savings and investments; improve the population’s credit culture; strengthen financial consumer protection; and enhance economic empowerment of the population;

iv. The Microfinance Policy, whose objective is to create a conducive environment in which the microfinance sector performs efficiently and effectively to increase access
to financial services by the low income people and MSMEs thereby contributing to economic development of the country; and

v. The Long Term Finance Policy, that has an objective to create a conducive environment in which the financial and capital markets perform efficiently and effectively in order to increase access to long term financing for long term investments thereby contributing to sustainable long term economic development.

e. Strategies towards strengthening of institutional capacity for domestic savings and financial inclusion:

1. Currently the Pension Act is undergoing a review. One of the areas of amendment is to provide for voluntary pension contributions particularly targeting the informal sector that is currently not covered by the Act. This is expected to mobilize savings from the informal sector and contribute significantly to domestic savings in the country.

2. Malawi Government is implementing the FARMSE programme whose objective is to increase access to financial services to the rural areas. Among others, the programme is supporting formal and informal community financial service organization such as Savings and Credit Cooperatives (SACCOs) and SLGs to improve their business models, increase outreach and create linkages with formal financial service providers.

3. Promoting development of low value savings products targeting low income people, MSMEs and farmers, and elimination of fees and charges on such products.

4.7.9.2 External Debt

To augment domestic resources and help meet the huge infrastructure needs, Malawi still borrows from external sources. Multilateral creditors account for about 80% of the external debt stock and most of the loans in the portfolio are on concessional terms.

Over the past ten years, Malawi’s External debt has grown by 163 percent in nominal terms. As of end 2018, the total disbursed outstanding external debt stock totalled USD 2.1 billion from USD 0.8 Billion in 2009 as per the Figure 4.12 below:
The most recent Debt Sustainability Analysis (DSA) was done in May 2019 in conjunction with the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI). The DSA results indicate that Malawi’s risk of external debt distress is moderate with limited space to absorb shocks. All debt burden indicators were below their thresholds in the baseline. The analysis showed that the most extreme shock to Malawi is the export shock. Under this shock, all thresholds for the debt burden indicators are breached, except for the debt service to revenue ratio. This depicts Malawi’s strong revenue collection history.

The following are some of the policy measures which Government is implementing to achieve debt sustainability:

(i) **Fiscal discipline**: The Government is exercising prudent fiscal management;
(ii) **Reduce Primary Balance**: Government instituted measures that aim at reducing the primary deficit by making sure that expenditures are in line with revenues;
(iii) **Contain Central Bank Financing**: In the short term, Government should is working hard to adhere to the statutory limits set forth in the Public Finance Management Act (2003) and the Reserve Bank of Malawi Act (2019); and
(iv) **Improve Reserves**: Government will ensure that the successor for the National Exports Strategy (NES) yields the intended results. It will be vigilant in the monitoring of cross border trade and it will strengthen the Export Diversification and Import Substitution (Buy Malawi) campaigns.
4.7.9.3 Official Development Assistance (ODA)

Management of Official Development Assistance (ODA) has been one of key challenges in fiscal planning in Malawi especially because of unpredictability of flows grants and the need for coordination in tracking and monitoring effectiveness and efficiency of all the assistance flowing into the country. GoM has therefore been implementing reforms aimed at improving aid management.

Development of an Aid Management Platform in within Debt Management Division in MoFEPD has improved ODA data quality and availability in the country. Going forward, the Government intends to further strengthen administration of ODA by ensuring that aid recipients adhere to reporting standards so as to timely update the aid management information system.

In terms of ODA trend (see Figure 4.13) there is a decline in these resources available for Malawi with a sharp decline observed in 2016/17. In view of the decline in ODA, GoM will continue to implement measures aimed at improving domestic revues to finance the budget.

**Figure 4.13: ODA, Millions Malawi Kwacha**

![Graph showing ODA trend from 2014/15 to 2018/19](image)

After dropping abruptly in 2009/2010, Foreign Direct Investment (FDI) flows to Malawi have increased significantly but remain below the countries potential. FDI flows reached USD 326 million in 2016, which represents a 13% increase compared to the previous year. The country’s total FDI stock is estimated to stand at USD 1.15 billion (or 21% of GDP).

Malawi is eager to receive foreign investment and foreign investors are generally granted national treatment. The Malawian constitution protects investment irrespective of nationality.
While not discriminatory to foreign investors, investments in Malawi require some processes, which may include obtaining a business license, a tax registration number, and a land use permit. The agricultural sector attracts the most FDI, primarily from South Africa, Germany and the United States of America (USA). The exploration of rare earth elements near Lake Malawi could attract new investments in the mining sector. There is also hope that an oil field would be discovered in the region. Malawi ranked 110th out of 190 countries in the 2018 Doing Business report published by the World Bank, up by 23 positions compared to 2017.

4.7.9.5 Remittances

In 2018, Malawi received USD 186.0 million in remittances up from USD 38 million received in 2017 (See Figure 4.14). Malawi seeks to increase remittances mainly to boost its reserve position. Remittances in Malawi are an important component of resources required for economic growth as they are invested in infrastructure and other projects that would otherwise have required loans. Malawi has therefore, through RBM, embarked on a drive to engage Malawians in the diaspora and to put in place a database of these people all aimed at increasing remittances.

Figure 4.14: Remittances, million US Dollars

Data Source: Reserve Bank of Malawi, 2018

4.8 Good Governance at All Levels

a. Rule of Law

To uphold the rule of law, the GoM through the Ministry of Justice and Constitutional Affairs (MoJCA) developed the Democratic Governance Policy Framework Paper and the Democratic
Governance Sector Strategy to provide policy direction on governance issues. The Government also reviewed laws and drafted bills aimed at promoting good governance such as the: Local Government (Amendment) Act; Mines and Minerals (Amendment) Act; Political Parties Act; Public Procurement and Disposal of Assets Act; and Labor Relations (Amendment) Act. An Asset Forfeiture Unit was also developed within the Directorate of Public Prosecution whose mandate is to seize all ill-gotten assets and any proceeds from them.

b. Access to Justice

To promote access to justice, the following was achieved: Enactment of the Deceased Estates (Wills, Inheritance and Protection) Bill, 2011; Establishment of the Legal Aid Bureau to provide legal aid services to the vulnerable groups of people; Commenced the process of operationalizing the Local Courts Act through the establishment of local court centers to increase access to justice; and Developed the Criminal and Civil Case Management system aimed at improving efficiency in the administration of justice.

The Judiciary created the Criminal Division of the High Court and the Revenue Division of the High Court which has improved access to justice. In addition, Senior Resident Magistrates were deployed to district courts which improved supervision of lay magistrates thereby ensuring that court users access quality justice. The Judiciary also rehabilitated court buildings so that they are friendly to both staff and court users.

c. Human Rights

In the quest for promoting human rights, the GoM established a Human Rights Unit that is mandated to coordinate the preparation and submission of state party reports and periodic reviews. The Human Rights Commission (Amendment) Bill, 2016 was enacted with an aim of improving the operations of the Malawi Human Rights Commission.

d. Public Participation

The GoM established the National Initiative for Civic Education (NICE) Trust to provide civic and voter education, community empowerment and mobilization, knowledge management and networking among citizens. People’s participation state affairs were improved through reforms in the Malawi Parliament which are aimed at improving participation through their elected representatives.


e. Transparency and Accountability

The GoM enacted the Access to Information Bill, 2017 and the Public Officers (Declaration of Assets, Liabilities and Business Interests) Bill, 2013 to promote transparency and accountability among duty bearers.

f. Free and fair elections

To ensure that there are free and fair elections, the Government linked the National Registration Bureau (NRB) database with the Malawi Electoral Commission (MEC) registration System which enhanced efficiency in voter registration.

g. Gender mainstreaming

The Government enacted the Marriage, Divorce and Family Relations Bill, 2015 and the National Gender Policy. The purpose of the policy is to strengthen gender mainstreaming and women empowerment at all levels in order to facilitate attainment of gender equality and equity in the country.

5.0. PROGRESS TOWARDS GRADUATION

Malawi has been formulating and implementing national development frameworks that have the ability of transforming the economy and accelerating economic growth and sustainable development. The MGDS III emphasizes the need to invest simultaneously in areas that can spur growth through the linkages they have with the other sectors of the economy. The strategy identifies five Key Priority Areas: (i) Agriculture, Water Development and Climate Change Management; (ii) Education and Skills Development; (iii) Transport and ICT infrastructure; (iv) Energy, Industry and Tourism Development and (v) Health and Population. These priority areas were arrived at using the Integrated Sustainable Development Goals (iSDG) Model and the MalawiMod as well as a comprehensive review of literature and stakeholder consultations across the country.
The Government through the MGDS III identified quick win projects to generate momentum and confidence to the country’s socio-economic development. This can be achieved by utilizing the available human capital and untapped natural resources that have the potential to boost socio-economic development and change the narrative of the country as one of the poorest in the world. The quick win projects are to be shopped from the list of flagship projects embedded in the medium term national development blueprint. The IPoA spells out strategies and measures for addressing the special needs of LDCs to transition to lower-middle income levels. For this to happen, the GoM emphasizes the need to strengthen implementation-monitoring mechanisms and broaden stakeholder investment.

6.0 COHERENCE AND LINKAGES WITH THE 2030 AGENDA AND OTHER GLOBAL PROCESSES

The MGDS III is aligned to Malawi’s international, continental and regional obligations, such as the 2030 SDG Agenda, the African Union (AU) Agenda 2063, the Istanbul Programme of Action (IPoA), the Vienna Programme of Action (VPoA), the Southern African Development Community Regional Indicative Strategic Development Plan (SADC RISDP) and the Common Market for Eastern and Southern Africa (COMESA) Treaty.

The 2030 SDG Agenda aims to eradicate poverty in all its forms, inclusively and irreversibly to achieve sustainable development. The Agenda has 17 Sustainable Development Goals (SDGs) which are being implemented through the MGDS III which was developed to accelerate the pace of economic growth and create wealth for the citizens. The analysis of data for 2018 SDG report shows that data is available for a total of 168 global indicators out of 232 indicators. This represents data availability of 72 percent and an overall statistical data gap of 28 percent (64 indicators). A total of 48 indicators have been included as localized proxy indicators for global indicators that reflect Malawi specific indicators contributing to the global targets.

Key Findings on SDGs Performance

1. Malawi is making significant progress on 29 of the 169 targets (17 percent). It is making moderate progress on 59 of the targets (35 percent) and shows insufficient to no policy change or otherwise poor performance on 81 of the targets (48 percent).
2. Among the 29 targets on which Malawi is making significant progress include: SDG 3 (Good health and well-being), target 3.2 Under five mortality rates are significantly declining and likely to be met, SDG 4 (Education for all), target 4.5, Gender parity in primary schools is already equal to parity; Net Enrollment in Primary Schools is close to target.
3. Targets on which the country is making *moderate progress* includes *inter alia* SDG 2 (Zero Hunger). Despite significant progress through reduction and turning the curve on child malnutrition indicators (*Stunting, Underweight, and Wasting*).

4. Malawi is experiencing *insufficient long-term progress* on among others SDG 1 (*Eradicating Poverty and ending all its forms*), and many of its targets are among those showing negative trends. The proportion of population below the international poverty line of $1.90 per day is quite high estimated at 71.4 percent in 2016. Almost half the population (51.5 percent) are living below the national poverty line (NSO, IHS4 2017). However, the rate of extreme poverty has registered some rapid progress by falling from 24.5 per cent in 2010 to 16 percent in 2017.

**Some key challenges and bottlenecks for attainment of SDGs**

5. *A high population growth rate*, is exerting pressure on essential goods and services such as schools, housing and health services. The impact of human activity and consumption on the environment is also quite high. If not controlled this will lead to intergenerational poverty and deprivation leading to a vicious cycle of poor living standards. This is also linked to unprecedented infrastructure challenges and unplanned settlements.

6. Despite significant improvements in under-five mortality, *maternal and neonatal mortality* are still high. One of the key factors contributing to these high rates are teenage pregnancies. Malawi has the highest preterm birth rate in the world: with 18 percent of babies born premature and 12.9 percent having low birth weight of less than 2,500 grams. (UNFPA, 2015).

7. *Energy and water supply challenges* pose a huge threat to the country’s growth prospects and industrialization drive, trade and infrastructure development. The poor state of energy is a major constraint on returns on investment for both existing and new investors. The risk of low returns limits diversification of exports, goods and services and particularly undermines manufacturing output and investment.

8. *Land degradation and deforestation are huge challenges facing the environment*, High levels of deforestation and land degradation are caused by among others charcoal burning and unsustainable farming practices that include poor soil fertility and land management practices.

9. *Service delivery and accountability* is another key challenge arising from inadequate institutional capacity, dysfunctional service delivery systems, poor corporate governance and lack of accountability. There is lack of adequate technical capacity as a result of high staff turnover particularly in district councils, there is lack of accountability leading to corruption and misuse of public resources. In this regard, there is high potential of scaling up service delivery if the public sector reforms programme receives the adequate support required.
10. With regard to cooperation, coordination and coherence of policies. Lessons are drawn from the Malawi Vision 2020 that is more likely not going to be achieved by 2020 mainly due to inadequate political will and absence of a long-term implementation strategy. Development planning in Malawi has been a challenge once new regimes are ushered into office there is no transitioning of the national development agenda. In addition political party manifestos are not aligned to the national and global development agendas.

11. Data quality and unavailability made it impossible to analyse all targets and indicators for the SDG progress report.

7.0 TOWARDS THE NEXT LDC AGENDA

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

i. Finalise development of the implementation plan. There is need to involve various stakeholders in prioritizing activities and consolidating the plan;

ii. Ministry of Finance and Economic Planning and Development should undertake sensitization meetings with MDAs. This will help these stakeholders to be aware of the IPoA and will simplify preparation of progress reports at a later date; and

iii. Government should ensure 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 and the successor agenda.

8.0 LESSONS LEARNED AND WAY FORWARD ON IMPLEMENTATION OF IPOA AND REQUIREMENTS OF THE NEXT LDC AGENDA

1. National Contact Points (NCP) should raise the profile of the IPoA at the country level through sensitisation campaigns to all stakeholders. This will ensure ownership of IPOA and effective implementation of the IPoA. Malawi realised the need of undertaking consultations with various stakeholders on how the IPOA should be implemented;

2. Since the IPOA is a ten-year programme, there is need to prioritise implementation of activities because the success of future activities will depend on the outcome of the initial activities.

3. There is need to develop monitoring indicators and targets with clear timelines. These indicators and targets will act as benchmarks on which performance can be measured.
4. Development Partners should fulfil their commitments especially on remitting the required development assistance. It should be noted that without resources, implementation of the IPoA will not be possible.

5. The next LDC agenda should put special emphasis on industrialization and wealth creation as these will contribute to poverty alleviation, inclusive growth and sustainable development.