

THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)

The Department for International Development (DFID) is the British government department responsible for promoting development and the reduction of poverty. The government elected in May 1997 increased its commitment to development by strengthening the department and increasing its budget.

The policy of the government was set out in the White Paper on International Development, published in November 1997. The central focus of the policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to encourage progress which will help reduce poverty. We also work with multilateral institutions including the World Bank, UN agencies and the European Commission. The bulk of our assistance is concentrated on the poorest countries in Asia and Sub-Saharan Africa.

We are also contributing to poverty elimination and sustainable development in middle income countries, and helping the transition countries in Central and Eastern Europe to try to ensure that the widest number of people benefit from the process of change.

As well as its headquarters in London and East Kilbride, DFID has offices in New Delhi, Bangkok, Nairobi, Harare, Pretoria, Dhaka, Suva and Bridgetown. In other parts of the world, DFID works through staff based in British embassies and high commissions.

COUNTRY STRATEGY PAPERS

Country Strategy Papers (CSPs) are prepared for all countries where we provide development assistance programmes, and are normally produced every three years. CSPs set out how we aim to contribute to achieving the international development targets in the country in question. Progress will be assessed against the strategic objectives set out in Section E of the paper. In preparing CSPs, we consult closely with governments, business, civil society, and others within both the partner country and the UK.

**Department for International Development
September 1998**

MALAWI: COUNTRY STRATEGY PAPER 1998

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ANNEX 1: Country strategy preparation process

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A. SUMMARY

A1. Malawi is among the world's poorest and most unequal countries, with very low life expectancy and a severe AIDS pandemic. It is densely populated, with a very high rate of forest loss and a fragile environment. Economic prospects are poor. Women suffer continued discrimination, and children's rights are inadequately protected. Educational attainment is low, and poverty has been increasing over the past decades.

A2. Yet in the face of these challenges, the new Government elected in Malawi's first multi-party elections (in 1994) has made significant progress. Civil and political rights are being re-established after decades of authoritarianism, and rights to basic education and health care are also being acknowledged. Major efforts are being made to refocus public expenditure on key services for poor people.

A3. Achieving the International Development Targets at national level will take a very long time. There is nevertheless the potential for an effective partnership between British and Malawi Governments. A substantial increase is proposed in the level of DFID funding.

A4. The purpose of the programme is to build partnerships that promote poverty elimination, equity and human rights in Malawi. Six impact areas are proposed for DFID expenditure:

- rethinking the role of government, including decentralisation,
- economic and financial management,
- human rights,
- better access and quality of basic health and education,
- sustainable rural livelihoods, and
- safeguarding the environment.

A5. The other main partners in the goal of contributing to the elimination of poverty in Malawi are civil society in Malawi itself, other official donors (notably the EC and the World Bank), and the private sector.

B. THE CHALLENGE

B1. Malawi is one of the six poorest countries in the world (Gross National Product per capita US\$170 in 1995). The depth of poverty, and disparity in wealth distribution, are increasing, and poor Malawians feel they are getting poorer.

B2. Malawi has a long history of failure to provide for basic human rights: under the one-party regime of Dr Banda living standards were not adequate for health or well-being, education was restricted to a minority who could afford it, political and civil rights were abused, and a culture of fear predominated. The new government has come into a difficult inheritance.

ECONOMIC WELL-BEING

International Development Target (IDT) by 2015: a reduction by one-half in the proportion of people living in extreme poverty

B3. Malawi's *economy* is dominated by agriculture, which contributes 35% of GDP and 90% of rural employment. It is acutely vulnerable to drought. Under the previous regime, estates had a monopoly of tobacco. This was abolished in 1994: smallholders' share of output rose by 12%. Industry (about 20% of GDP) was heavily protected and inward looking under Banda. His Press Corporation controlled about 30% of the formal economy, limiting the development of a competitive private sector.

B4. Income and assets in Malawi are very *unequally distributed* (Gini coefficient¹ 0.62 in 1995). 72% of households cultivate less than one hectare (the minimum required for family subsistence). This, and the increased cost of inputs following the removal of subsidies, mean that the majority of households have not benefited from the removal of controls on prices and the freedom to grow and sell their own choice of crops. They consume more than they produce and have to hire out their labour. Working for others means neglecting work on their own fields at critical times.

B5. Migration from Mozambique since the turn of the century has contributed to high population density. Despite this and high local mobility, Malawi is very *diverse*

ecologically and culturally. The people living in the Southern and Central Provinces are predominantly matrilineal Chewa and smaller matrilineal groups such as the Yao and Lomwe. The peoples of the Northern region are predominantly from the patrilineal Tumbuka group. These cultural differences influence the structure of communities, the ways people organise themselves, and land access rights. For example, although markets are very localised some groups, such as Lomwe women who originated in Mozambique, have a tradition of travelling long distances for small trading. There is also a strong tradition in the South of men migrating for labour either to estates or neighbouring countries.

B6. Malawi attracts little *foreign private investment*. This partly reflects its limited resource base, but rising crime, poor physical and financial infrastructure, and procedural delays (including the issue of employment permits for expatriate staff) are other inhibiting factors. The new government is committed to a privatisation programme to improve management of state-owned enterprises and free up public service capacity for priority services. It is also promoting financial market liberalisation to open the banking system to private enterprise and make it easier for businesses to borrow and invest; and expanding education. It has yet to tackle high transport costs, which owe much to the war in Mozambique but have not yet come down in response to peace there. Malawi will continue to face tough competition from its neighbours, better endowed with natural resources, and cannot expect foreign investment to be a major force for early economic growth.

B7. Growth in Gross Domestic Product (GDP) has averaged 3% over 1992-97. To prevent the number of poor people rising will require *growth* above 5% per annum for decades. Malawi has no obvious international comparative advantage and a limited resource base. As a Least Developed Country it has generous access to most OECD (rich country) markets. Its exports at present are mainly to OECD countries; South Africa takes 9%, and the Southern African Development Community (SADC) only 16%. For higher growth Malawi needs to continue to diversify the economy and encourage the growth of agro-processing industries and export-oriented businesses (e.g. cut flowers). This in turn requires improved infrastructure and a macro-economic and

¹ The Gini coefficient measures inequality in distribution: a value of 0 represents complete equality, while a value of 1 represents all wealth concentrated in one owner. The highest in the world is Sierra Leone, 0.63; the lowest is the Slovak Republic, 0.19.

B. THE CHALLENGE

CONTINUED

financial environment which supports private sector development. Long-term growth also depends on investment in human capital. With peace in Mozambique there may be scope for outward migration provided that borders remain open.

B8. The new government has, on the whole, made good progress in improving economic management. It reduced the fiscal deficit of 28% of GDP (before grants) it inherited in 1994/95 to 8% in 1996/97. Inflation fell from a peak of 70% in 1994 to an average of 9% in 1997. It has also been undertaking structural reforms, such as the liberalisation of agriculture (freeing small farmers to grow the crops best suited to their conditions) and trade (freeing up exports and allowing access to inputs from outside Malawi). The second half of 1997, however, represented a significant blemish on this record. Expenditure control was relaxed, raising the 1997/98 deficit to 10%. Inflation and interest rates have also increased. Increased government borrowing at these higher interest rates has led to an increase in government debt, the repayment of which will form a major part of the government's macro-economic programme in 1998/99.

B9. Malawi's *external debt* is \$2.2bn, or 114% of GDP. Over 85% is to multilateral institutions, on highly concessional terms, and it is currently not eligible for relief under the Highly Indebted Poor Countries (HIPC) initiative, though the net present value of debt is close to 250% of exports. However, external debt service takes up about 20% of non-interest recurrent expenditure. Malawi is highly dependent on aid: aid makes up about 10% of GDP and 40% of government expenditure. Given the bleak prospects for growth in the short term, this implies a need for long-term donor commitment before Malawi can become self sustaining.

HUMAN DEVELOPMENT

IDT: universal primary education in all countries

B10. Overall, Malawi's human resource capacity is weak. Literacy rates are below Malawi's neighbours (except perhaps for Mozambique): under 20% of women are literate, while only 4% had a secondary education (compared with 13% of men). Only 28% of women, and 50% of men, had more than four years of primary school.

B11. Following the 1994 election Malawi abolished school fees and uniforms and the school population rose from 1.8 million to 3 million pupils. *Net primary enrolment*² rose from 48% in 1982 to over 80% in 1995. Access to school has vastly expanded, though it is still related to region, poverty and gender. The new government increased the primary allocation from 45% to 71% of the education budget, though a secondary pupil still costs four times as much, and a tertiary student 71 times, as a primary pupil. The quality of primary education remains a concern, which the government is keen to tackle.

B12. 47% of Malawians are under 15 years old. Malawi has ratified the Convention on the Rights of the *Child*, and has a highly-regarded policy on care of orphans (a growing problem, linked to AIDS). As communities come under increasing economic stress, extended family networks are contracting and more children are becoming excluded from society. Child labour is prevalent, and attitudes to it ambivalent. Girls are particularly vulnerable: 33% of girls aged 15-19 have born a child, the average age of mothers at first birth is under 19, and girls are at greater risk of HIV infection.

IDT: demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education

B13. Fewer girls are in school than boys, reflected in the literacy disparity noted in §B.10 above. *Women* produce 70-80% of food consumed in Malawi and make up 52% of

² Net Primary Enrolment is the proportion of children of primary age who are in primary school.

B. THE CHALLENGE

CONTINUED

the population, but are under-represented in Parliament (5.6%), in decision making positions or in the Civil Service. Households headed by divorced and widowed women are over-represented amongst the poorest. While the Constitution protects their position, women still suffer from discrimination under customary law, particularly over inheritance and domestic violence, and face steep obstacles in asserting their formal rights.

IDT: a reduction by two-thirds in the mortality rates for infants and children under 5, and a reduction by three-fourths in maternal mortality

B14. Child and *infant mortality* (at 133 per thousand the fifth highest in the world) remain appalling, largely because of preventable and treatable infectious diseases. Recent progress will not be sustained, as the AIDS pandemic will add another 100 deaths per thousand births over the coming ten years.

B15. Mortality is related to nutritional status, which in turn is related to access to land. Poverty is an important determinant of the nutritional status of children, which is deteriorating: 48% of children are stunted (chronically malnourished) and half of those severely so. *Nutrition* is however a complex issue, involving lack of basic health care or safe water, poor nutritional education, malaria, low female literacy, and the heavy demands on poor mothers' time as well as inequitable land and income distribution.

B16. Life expectancy, at 43 the third worst in the world, is declining again after progress in the early 1990s. Malawi has one of the worst *AIDS* pandemics in the world: it is estimated that a third of 15-19 year olds in Blantyre, and 35% of women attending ante natal clinics, are HIV positive. This has contributed to: Tuberculosis (TB) cases quadrupling over the past 10 years; half the teachers, nurses and police service being expected to die within the next seven to ten years; and over 980,000 children being orphans in 1995.

B17. Maternal mortality, at 620 per 100,000 live births, is also high. This will not be so directly affected by AIDS, and should respond to improved service delivery.

IDT: access through the primary health care system to reproductive health services for all individuals of appropriate ages

B18. Despite demand for contraceptives, condom use and availability is very low. Contraceptive prevalence has doubled recently, but there is still scope for further significant increases. While Malawi now allocates 14% of its recurrent budget to the health sector, this represents only US\$4.50 per person per year (1997), far short of the minimum needed to provide a basic package of essential care to the population, and reproductive health services suffer along with other components of the system.

ENVIRONMENTAL SUSTAINABILITY AND REGENERATION

IDT: the implementation of national strategies for sustainable development, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels

B19. One consequence of Malawi's high population density and acute poverty has been severe *environmental* degradation. The clearing of remaining land, and shrinking land holdings, lead to soil erosion and declining yields. Deforestation has also accelerated: Malawi's forests provide 90% of total energy requirements, but forest cover has nearly halved since 1970, with current estimated losses of 3% p.a. among the worst in Africa. Catch rates of fish, the main source of protein for most poor Malawians, are also falling. The unregulated loss of valuable habitats such as forests and wetlands has serious implications for the maintenance of *biodiversity*.

B. THE CHALLENGE

CONTINUED

B20. In collaboration with the donor community and NGOs, Malawi produced the National Environmental Action Plan in 1994 and a National *Environmental Policy* in 1996. However, inadequacies in legislation and institutional constraints (particularly weak enforcement) have limited its impact on the downward spiral of environmental degradation. Malawi does not yet have an implementable strategy for sustainable development.

QUALITATIVE ELEMENTS OF DEVELOPMENT

Democratic accountability, protection of human rights, and the rule of law

B21. President Banda ruled Malawi from Independence to 1994 through an authoritarian one-party state. *Multi-party elections* were held in 1994 with international scrutiny. President Muluzi's United Democratic Front (UDF) formed a minority government, depending on support from "independent" MPs who left other parties.

B22. Government policies are openly debated in Parliament. The next election is due in 1999. Democracy remains fragile: political parties are regionally aligned, and society as a whole is still learning about the democratic process. As a result, effective *accountability* is limited.

B23. A new and *sound Constitution* was adopted in 1994. Freedom of speech has become entrenched and the written media functions largely without government interference, though the broadcast media are still Government controlled. There are no political prisoners.

B24. Malawi's *legal system* is modelled on the British system. The traditional courts, which under the previous regime were used to maintain Banda's authority, have lost most of their powers. However, the formal system is under-resourced, and fails to meet the needs of poor people. Suspects are often remanded in custody for years awaiting trial, and over half of all other prisoners are fine defaulters: reform is needed. Meanwhile traditional practices continue to prevent some poor people (e.g. widows) from asserting their formal rights.

B25. Progress is being made with *police* reform. Police leaders welcome the shift from being instruments of oppressive control to providing a service to the community, but they are seriously under-resourced, and changes of attitude at working level take time. Community policing needs to reflect the diversity of Malawian society.

B26. Better governance is a prerequisite for faster development. There are grave *weaknesses in capacity* to deliver on government policies. Very limited human resources are being further depleted by AIDS; non-salary budgets are acutely constrained; and low salaries have led to an "allowance culture".

B27. *Decentralisation* is a key element in restructuring government. Local government is considered more responsive to poor people and should better reflect Malawi's diversity, but lacks resources and - as yet - democratic legitimacy. Local elections are scheduled for 1999.

B28. *Corruption* remains a concern for the Government. An Anti-Corruption Bureau has been set up, with DFID assistance. It is still common for Ministers and officials to retain outside business interests.

B29. There is little sign of pressure on land leading to *conflict*. This may be associated with the absorptive nature of matrilineal societies in land-hungry settings, though in Malawi their coping capacity may be severely tested. The Asian community might be the main likely target of any ethnic division, but is now largely urban and thus distanced from the land question.

C. PARTNERSHIPS

C1. The prospects for an effective partnership between Britain and the *Malawi Government* in the terms set out in the White Paper on International Development³ are good. The Malawi Government:

Have a commitment to the principles of the agreed international development targets and are pursuing policies designed to achieve these and other UN targets which they have agreed

C2. The Malawi Government is pledged to poverty reduction, and has made broad *commitments* to the International Development Targets. General policy statements and most sectoral *policy frameworks* match this: universal primary education has been the major plank of the UDF's policy, and the new health strategic plan also emphasises universal access to basic care. However, change has been slower where vested interests are affected.

Are committed to pro-poor economic growth and conservation of the environment, and are pursuing appropriate policies

C3. Malawi has a good record of macro-economic stabilisation, though there have been periodic lapses of budgetary control. There has been impressive re-orientation of the budget towards the key services for poor people (health, education, water), rising from 20% of the budget in 1994/95 to 41% in 1997/98, though prioritisation within Ministries still needs to improve.

Wish to engage with us and with the donor community to this end

C4. The Government are very open to *dialogue* with donors, though there remains some doubt whether the messages given to donors feed through to practical decisions.

Pursue policies which promote responsiveness and accountable government, recognising that governments have obligations to all their people; promote the enjoyment of civil, cultural, economic, political and social rights; and encourage transparency and bear down on corruption in the conduct of both the public service and the business sector.

C5. As discussed in §B21-28, the government seek to protect human rights in Malawi. While questions remain over capacity, and over the willingness to confront difficult choices, progress is being made.

OTHER PARTNERS

C6. *Civil society* in Malawi is very weak: only the churches and mosques have extensive networks among poor people. Many non-governmental organisations (NGOs) are either one-person bands or dependent on Northern partners. However, a few large service delivery NGOs are able to deliver better services (if more costly ones) than the government - sometimes also drawing staff away from government in the process. The NGO community in Malawi are keen to build partnerships with DFID and other donors.

C7. The formal *private sector* in Malawi is narrowly based, largely in agriculture and agro-processing. The estate farming sector may be a potential project partner in rural development, though issues of child labour and land reform may create tensions. There are few major non-agricultural UK private sector investors apart from CDC.

C8. The *UN agencies'* disbursements in Malawi (\$22m in 1996) are not large, but some have been catalytic. UNDP have piloted support for local government with apparent success, and are keen to identify further donor partners. UNICEF have a significant presence, particularly in health care. WFP have taken a leading role in emergency feeding.

³ Eliminating World Poverty: A Challenge for the 21st Century (Cm 3789). The basis for partnerships is set out in Panel 14, on p.39.

C. PARTNERSHIPS

CONTINUED

C9. DFID has close links with the strong *World Bank* Malawi office, and will build connections with the recently established *IMF* office. The Bank's programmes in Malawi are large (\$133m in 1996), mainly in adjustment-related credits.

C10. The *EC* has a substantial programme (\$43m in 1996, nearly twice that in 1995) and are important partners. They are open to dialogue, and we have collaborated with them in the legal sector, the police and Customs, and we propose to work together on rural roads. The Delegation's views are sometimes at variance with the donor consensus, which can be damaging but has also been productive in, for example, discussions on soil fertility.

C11. The main *bilateral* official donors to Malawi apart from the UK have been Japan and the US. More donors have become involved since 1994. Donor coordination is good, with sectoral groups meeting regularly. Northern NGOs are important partners in several sectors.

D. CURRENT UK DEVELOPMENT PORTFOLIO

D1. DFID's present effort in Malawi draws on its place as the second largest bilateral donor and its *long-standing relationship* with most key actors in Malawi. The country programme is spent mainly on support for better economic management, health and education, with smaller sums in natural resources and significant investment also in economic policy and public service reform and in good government. This has helped to stabilise the economy in difficult times (particularly two major droughts in the 1990s), to enable the expansion of primary education, and to pave the way for structural change. Policy dialogue has focused on macro-economic management, public service reform, and action on corruption and AIDS, together with intensive contacts at sector level, particularly in education, health and environment.

D2. DFID's ongoing projects at the end of 1997/98 totalled over £100m. We spent £14.8m during 1997/98. Over 80% (by value) of projects completed over the last three years largely or fully realised their target outputs. Success often goes with strong local partner organisations, while projects that challenge vested interests are slower or more difficult. It is not yet possible to assess the impact on the International Development Targets of recent activities.

D3. Overall, donors have been able to support the new Government in tackling some aspects of poverty, though some of the progress (e.g. in primary enrolment) is from a very low base.

Box 1

RECENT DFID ACTIVITIES IN MALAWI

Primary school enrolment has increased by two-thirds: DFID is contributing by building 100 primary schools, meeting about two-thirds of the primary teachers' pay bill last year, and providing reading books to 3,400 schools.

Annual TB case finding has risen by 8% after DFID help to the National TB Control Programme.

Over 100 women's savings and credit groups have been formed with help from DFID, and are helping to enhance off-farm incomes.

Contraceptive prevalence rates have doubled since 1992: DFID has provided most injectable contraceptives (the preferred method in Malawi). Sexually Transmitted Disease treatment rates have been raised fifty times over, through DFID-funded work.

Some 700 Malawians had been on remand on murder charges, some as long as seven years: DFID funded a project to test the cases against them. This has brought decisions to release 80 without further action, and will bring the rest to trial soon.

Support for Customs and Excise Department has helped it to meet its revenue targets for 1996 and 1997, despite lower duty rates, providing the resources for key services for poor people.

Seven new varieties of beans have been developed, tested with farmers, and officially approved for use by smallholders in Malawi and the region: these should help to raise nutritional status and eventually reduce child mortality.

Supplementary feeding funded by DFID is helping to bring 50,000 children through the after-effects of floods and drought in 1997/98.

E. FUTURE UK DEVELOPMENT STRATEGY

E1. The proposed strategy covers all three of DFID's specific objectives set out in the White Paper on International Development (see Box 2 below). Achievement of the goals set in the International Development Targets is a global effort, and (as noted in Section B) *the corresponding national targets* will probably not be reached in Malawi until well after 2015.

Box 2

DFID'S SPECIFIC OBJECTIVES

1. Policies and actions which promote sustainable livelihoods
2. Better education, health and opportunities for poor people
3. Protection and better management of the natural and physical environment

E2. In the light of Sections B and C, and drawing on a process of consultation with civil society and government representatives⁴, the proposed strategy has a Goal and Purpose that reflect the centrality of poverty elimination and human rights in the policy of both governments.

GOAL: to contribute to the elimination of poverty in Malawi.

PURPOSE: to build partnerships that promote poverty elimination, equity and human rights in Malawi.

E3. These lead to *six main impact areas*. They were chosen on the basis of poor people's priority needs, DFID's comparative advantage, and their linkages to the Goal and Purpose. Covering both financial investment and advocacy, they are:

SPECIFIC OBJECTIVE 1

- rethinking the role of government, including decentralisation,
- economic and financial management,
- human rights,
- sustainable rural livelihoods

SPECIFIC OBJECTIVE 2

- better access and quality of basic health and education

SPECIFIC OBJECTIVE 3

- safeguarding the environment.

E4. These reflect the conclusion that, despite the weaknesses in implementation, there is the basis for an effective partnership with the Malawi Government in a country where need is acute and DFID is a leading donor.

SPECIFIC OBJECTIVE 1:

Policies and actions which promote sustainable livelihoods

Impact area 1: Rethinking the Role of Government, including Decentralisation

E5. As noted in §B.24, more effective government is central to faster development. DFID will, if asked, advise on restructuring Ministries and reinforce key areas (such as trade and migration policy) as well as supporting Cabinet decision making, Parliamentary scrutiny of the executive, and public expectations of public service. This could also include financial support for any redundancy package that emerges from the process of *rethinking* the role of government.

⁴ The process of consultation is described in Annex 1.

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

E6. *Decentralisation* is central to rethinking government's role. DFID will co-finance the roll-out of the UNDP pilot programme and provide further assistance with policy development and monitoring of the impact of decentralisation on service delivery.

E7. As well as the Malawi Government, this will involve close *partnership* with the World Bank, who have a substantial programme of support for restructuring government operations: we shall encourage both to protect key services. We will also work closely with UNDP, and Malawian NGOs. We will explore cross-border migration issues with regional governments.

Impact area 2: Economic and Financial Management

E8. Rethinking government will not be effective without better economic and financial management. Significant *financial support for the budget* through programme aid will probably be required in Malawi for many years, moving over time towards sector programmes. This will be linked to continued IMF and World Bank dialogue with the government, which our inputs on economic policy should help to support. We will continue to work on the balance between the benefits of exceptional *debt* relief for Malawi and its potential disadvantages, initially in the September 1998 review of HIPC.

E9. We will help the development of Malawi's Medium-Term Expenditure Framework. Support for *public financial management* will also be important, including assistance with the Auditor General and Accountant General's Offices as well as central Ministry of Finance systems, and the continuation of our recently-approved Customs Support Project. This will be complemented by support for the Poverty Policy Unit of the National Economic Planning Council, to place high-quality poverty analysis at the centre of policy-making. We will continue to press the case for action on *corruption*, and plan further support for the Anti-Corruption Bureau, the Auditor General and the Accountant General.

E10. The World Bank is our main *partner* in this field of cooperation with the government, but the US are also providing support in some of these areas. We will also work closely with Malawian NGOs on accountability.

Impact area 3: Human Rights

E11. Poor people's experience of human rights and of their priorities for their protection (currently being surveyed) will form the basis for a DFID strategy, linked to Malawi's Constitution and the international Conventions and Covenants to which it is a party. Emerging findings of the survey suggest that this should focus on *existing areas of work* (anti-corruption, civic and human rights education, court interpreters) but *broaden* them. It should also expand significantly our support for the change programme in the police force, to help to meet the concern for security already identified as a high priority for poor people. The strategy may also include alternatives to prison (building on the successful Zimbabwean pilot of community service orders) and help with the development of alternative forms of dispute resolution.

E12. It should also move into *new fields*, notably under the Convention on the Elimination of All Forms of Discrimination against Women, and the Convention on the Rights of the Child (CRC), which are important to poor and vulnerable people, particularly in areas where formal and customary law overlap (domestic violence, inheritance and widows' rights, orphans' rights under CRC). We will consider a project to improve access to information by providing clockwork radios to women's groups, and perhaps other listeners.

E13. Our main partners in this impact area are the Malawian NGOs and advocacy groups. Some aspects may also draw in partnerships with the business sector. We shall be co-funding the Customs project with the EC (who are also already distributing clock-work radios), and working with them and UNDP on the criminal justice system.

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

Impact area 4: Sustainable Rural Livelihoods

Ei4. Our proposed support for sustainable rural livelihoods has four main interlocking components, all of which link directly to the Purpose and contribute to DFID's first Specific Objective:

- advocacy of and assistance with *land reform*;
- development of an appropriate package of advice and financial support to enhance *soil fertility*, particularly of small holdings;
- a substantial programme of *rural public works* aiming to provide enhanced incomes to poor people in rural areas and at the same time improve their access to clean water, sanitation, public services and markets; and
- support for rural incomes, probably through *credit and training*.

Ei5. These proposals derive from preliminary research and a detailed preparatory mission, but require considerable *further investigation* before all the details can be confidently defined.

Ei6. These proposals bring us into dialogue with several parts of the Malawi Government, and a large number of others. The EC will be one key *partner*, particularly in the fields of soil fertility and rural public works, as will the World Bank. We shall also develop links with UNDP on rural public works and with the US on credit and rural enterprise, and strengthen our existing partnerships with NGOs on safe water and sanitation. There are some umbrella groups of small-scale entrepreneurs with whom we hope to be able to develop effective partnerships. We shall also need to develop an effective dialogue with the estate sector, particularly on issues such as child labour and land reform.

SPECIFIC OBJECTIVE 2: BETTER EDUCATION, HEALTH AND OPPORTUNITIES FOR POOR PEOPLE

Impact area 5: Better access and quality of basic health and education

Ei7. Our support for basic services centres on education and health, in both of which we must expect to make a *long-term* commitment. These link directly to DFID's second Specific Objective. We expect to be involved in rural water supply and sanitation under the infrastructure part of the rural livelihoods impact area.

Ei8. Our future *health* strategy will, conforming to the priorities in the government's national health plan, seek to reduce levels of childhood and maternal mortality by increasing poor people's access to basic health services, including reproductive health. A sector strategy is being developed. We will support initiatives which build institutional capacity, particularly planning and financial management. While we continue to argue for a higher political profile for *AIDS*, we also tackle this through our health and education portfolios. Existing projects will continue: in key areas (contraceptive supplies, TB care) they fit the emerging sectoral priorities closely and support other efforts to combat AIDS. We expect to expand our work on reproductive health to include substantial support for treatment of sexually transmitted infections.

Ei9. We will try to move over time from project to *sectoral* support as appropriate mechanisms are developed. In the interim we plan to introduce a "common fund" system for resource transfer similar to that used in Zambia. We expect our health and population portfolio to *increase substantially*.

Ei20. We will continue to collaborate with the EC on development of the National Strategic Plan, and with the World Bank to ensure that budget allocations to the sector are suitably protected. We will liaise closely with the US over contraceptive supplies, particularly condoms, and with the UN agencies. The business sector may play a significant role, particularly in AIDS prevention. Our other key non-Malawi Government *partner* in this sector is the large Malawian

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

NGO (Banja La Mtsogolo) with whom we are implementing a family planning project: we will refine with them the way in which they balance their need for financial sustainability with a mission to reach poor people in Malawi.

E21. DFID will continue to be a long term partner in the *education* sector. Recognising education as a human right, priority will be given to equitable access to primary education of meaningful quality.

E22. DFID are already supporting the development of a *Policy Investment Framework* for the education sector. This should be complete by late 1999, and by then it should be clear how soon it will be possible to deliver support for the Framework through sector-wide mechanisms. We also plan to help strengthen capacity to manage a decentralised education system.

E23. *Existing projects* will run their course early in the next decade, and we will assess the scope to expand both the community schools project and support for teacher development. In addition to a sharper focus on girls' needs, these will aim to address more directly the needs of orphans, disabled children, and children on estates. We will pilot other new ways to tackle these challenges.

E24. Our main *partners* in supporting Malawi's education strategy are the World Bank, the US, Germany, and Denmark. We will work hard to secure common recognition of the Policy Investment Framework as a basis for all donors' programmes, and press the World Bank to support government-led joint appraisals. We will also discuss with the World Bank the scope for a sharper poverty focus for their next phase of investment.

SPECIFIC OBJECTIVE 3: PROTECTION AND BETTER MANAGEMENT OF THE NATURAL AND PHYSICAL ENVIRONMENT

Impact area 6: Safeguarding the Environment

E25. Soil fertility is closely linked to safeguarding the environment. Other proposed activities in this impact area are:

- support for the *Forestry* Action Plan, including perhaps work on rural energy supply and use; and
- continued help with *biodiversity* protection, encouraging systems for community participation in both management of resources and the benefits flowing from them.

E26. Other donors, notably the US and the EC, have a larger portfolio than DFID in this field. We will play a supportive role in programmes they develop with the government, and negotiate with multilateral *partners* like the Global Environment Fund for a sharper poverty focus to their activities.

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

CROSS-CUTTING ISSUES

E27. One consequence of Malawi's extreme poverty and environmental fragility is that there is an *emergency* somewhere in Malawi almost every year, usually floods or drought, requiring short-term relief. We propose to integrate such assistance (notably for supplementary feeding through WFP) into the main programme, and do away with a separate emergency provision. Some associated research, linked also to the nutrition crisis, may be required.

E28. To enhance further the effectiveness of expenditure, we will also fund specific social *research* work, both from the UK and within Malawian institutions, to ensure that we understand the complex processes that underlie Malawi's acute poverty. This also reflects Malawi's social and physical diversity. We will be ready to support the development of independent policy analysis capacity within civil society in Malawi.

E29. We propose to establish a *civil society challenge fund* to support the development of civil society more generally in Malawi, and to allow us to learn from innovative approaches to poverty elimination. The use of participatory approaches will be a common theme running through the programme.

E30. The strategy has been designed to create as much *synergy* as possible between interventions. While some are natural (e.g. soil fertility and the environment), other synergies (e.g. on AIDS in education and health) will need specific attention.

F. IMPLEMENTING THE NEW DEVELOPMENT STRATEGY

Fi. The significant expansion of the programme proposed will be achieved by some expansion of field management

capacity in Lilongwe and some reallocation of resources within DFIDCA.

G. PROGRAMME RESOURCES

G1. Provided we establish an effective partnership we envisage an *increase in resources* for Malawi from an expected outturn of £26m in 1997/98 to a plan of £70m in 2000/01. Details of the possible composition of such an expansion are in Annex 2.

G2. Continued implementation of the commitments in the Malawi Government-IMF Policy Framework Paper underlies the programme aid projections. Significant sector aid (e.g. to the education and health sectors) would depend on

continued improvements in the composition and quality of public expenditure. Absorptive capacity may constrain our ability to implement some activities.

G3. These figures incorporate a level of emergency aid in keeping with past experience. Were there a major natural disaster on a different scale, additional provision would have to be sought either within its total available resources or through an appeal to the DFID central contingency reserve.

MALAWI COUNTRY STRATEGY PREPARATION PROCESS

1. This Country Strategy Paper was drawn up during the first half of 1998 in consultation with a wide range of stakeholders. The main workshops involved Malawian civil

society, private sector, and Government, while individual consultations took place with the British private sector.

EVENT	DATE	TOPICS
Open Space event with Malawian NGOs	January 1998	Malawi's development needs DFID's place in Malawi's development process
Open Space event with the Malawi Government	February 1998	Priorities for DFID's involvement
Preparatory papers	Dec. 1997 February 1998 February 1998 March 1998	Soil fertility conference health sector strategy education sector strategy Human Rights Conventions
Review workshop with the Malawi Government and NGOs	March 1998	Partnerships DFID should build
Other discussions and follow-up work	March 1998 March 1998 March 1998 March 1998 April 1998 April 1998	Rural livelihoods mission Heads of Proposals (HoP) discussed with other donors in Lilongwe HoP discussed with DFID-funded team in Malawi HoP sent to the Southern Africa Business Association (SABA) HoP discussed with CDC position paper on nutrition
DFIDCA discussion of first draft	May 1998	Relation between interventions in draft CSP
Second draft CSP circulated within DFID	May 1998	
Meetings with the Malawi Government and NGOs	June 1998	Third draft of CSP
Final version submitted	June 1998	

2. The process began with an "Open Space" event in Harare in January. This involved the whole DFID Malawi team (all DFIDCA staff working on the Malawi programme, plus the Development Section at the British High Commission in Lilongwe) and voices from the Malawian private sector, local and Northern service delivery NGOs, and Malawian advocacy groups. DFID's Chief Social Development Adviser also attended this event. This attempted to define Malawi's development needs, and thus DFID's place in Malawi's development process. A record of the day's proceedings was circulated to all involved.

3. This record also formed the main paper for the next "Open Space" workshop, held in Zomba in February with a smaller DFIDCA/BHC team and representatives from the main Malawi Government Ministries and official bodies (such as the Reserve Bank and the Law Commission). This focused on the priorities for DFID involvement in Malawi's development. Once again a record was circulated to participants.

4. A draft “Heads of Proposals” was drawn up within DFIDCA on the basis of these consultations and further internal meetings. This also drew on sectoral work within DFIDCA: the early draft of a health sector strategy, exploratory work for an education sector strategy, and the design phase of a strategy paper for assistance to Malawi with the implementation of international human rights Conventions and Covenants. Together with the records of both events, it was circulated to the participants at both “Open Space” events and to a wider range of Malawian NGO and civil society bodies.
5. These, together with a restricted DFIDCA/BHC team, formed the participants at the final workshop of the preparation phase, held in Lilongwe in March. This sought to define the partnerships which DFID should seek to build and the ways DFID should aim to work to deliver the priority themes emerging in the “Heads of Proposals”.
6. The “Heads of Proposals” were also discussed at a half-day meeting with the major donors to Malawi, both multilateral and bilateral, and with the whole DFID-funded technical co-operation team in Malawi at another half-day meeting. They were also discussed with CDC, and were sent for comment to the Britain-Southern Africa Business Association. Because the Malawi team includes the BHC staff dealing with the British private sector in Malawi, the concerns of UK business were thought to be fairly well known when the process began, but this required confirmation during the process.
7. On the basis of these consultations, and of other sector development work, a first draft of the CSP was prepared by the Malawi team during March, and discussed at a half-day meeting in Harare in May involving the whole DFIDCA and BHC Malawi team. This meeting also drew on further preparatory work including a position paper on nutrition in Malawi (produced by the Health and Population Field Manager in Lilongwe) and the papers from a rural livelihoods mission involving DFIDCA, BHC and Oxfam staff.
8. Following this meeting, a revised version of the paper was produced and circulated for comment more widely within DFID. The results of this, and of further missions on rural livelihoods, economic management, education and health, were fed into a third version which was discussed in Malawi with both Malawi Government Ministers and senior officials and civil society representatives in Malawi. The final version submitted to DFID senior management reflects this final round of consultations.
9. It was agreed during these consultations that it would be helpful to maintain a process of dialogue about these issues once the formal paper has been finalised. It is therefore proposed that a regular (at least annual, probably more frequent) round table discussion be held, involving at least those who took part in the process outlined above, to consider progress.

MALAWI PROGRAMME EXPENDITURE PROFILE

£M	1997/98	1998/99	1999/00	2000/01
CURRENT COMMITMENTS				
Education	3.3	6.7	5.2	1.0
Population & Health	4.3	6.1	6.6	4.7
Natural Resources (inc. Wildlife)	1.7	1.8	1.2	0.5
Good Government	2.0	3.4	2.3	1.4
Private Sector Assistance		0.4	0.7	0.7
Others	1.6	0.4	0.7	0.7
Emergency	1.9			
SUB TOTAL	14.8	18.8	16.7	9.0
FUTURE PLANS				
Education		1.0	2.0	10.0
Population and Health		1.6	2.0	7.8
Renewable Natural Resources				
- land reform		0.1	0.2	0.5
- soil fertility		0.6	1.6	2.6
- public works		0.1	2.0	5.4
- biodiversity		0.1	0.5	0.7
Decentralisation		0.3	1.0	3.5
Private Sector Assistance		0.1	1.0	1.5
Malawi Police		0.3	1.0	2.0
NGOs			1.0	1.0
Economic Management			1.0	1.0
SUB TOTAL		4.2	13.3	36.0
Programme Aid	10.0	25.0	25.0	25.0
TOTAL	24.8	48.0	55.0	70.0