



THE GOVERNMENT OF MALAWI

MALAWI GROWTH AND DEVELOPMENT STRATEGY

Main Report

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Volume One

Presidential Statement

The Malawi Growth and Development Strategy (MGDS) will be the overarching operational strategy for the attainment of the nation's Vision 2020. The main principle of the MGDS is to create wealth through economic growth and infrastructure developments as a means of poverty reduction. In the long term it is expected that the country will be transformed into a manufacturing Nation and an exporting country. The MGDS is expected to empower Malawians to produce goods and services for domestic, regional and international markets. The continued political and macroeconomic stability will promote domestic and foreign investment in the key sectors of the economy.

The MGDS provides a policy framework that balances the productive sector and social sector of the economy. The MGDS is linked to vision 2020 and Malawi Millennium Development Goals (MMDGs) that are long-term development aspirations of the Malawians. In addition, the MGDS took note of the weaknesses found in the Malawi Poverty Reduction Strategy (MPRS) and Malawi Economic Growth Strategy (MEGS) and these weaknesses have been strengthened into activities that will the implementation of the MGDS.

The development process of the MGDS has been participatory throughout to incorporate views of all stakeholders. The consultations process included the Executive arm of Government, Parliament, Judiciary, Civil Society, and Donors. Apart from the above mentioned groups, the core team went on consultation at the regional level. This makes the MGDS a document for the nation. The activities underpinning this MGDS draws from the issues defined in the Malawi Economic Growth Strategy (MEGS), lessons from Malawi Poverty Reduction Strategy (MPRS) implementation, Malawi Public Sector Investment Programme (MPSIP), current government policies and other works and studies done by the civil societies and research institutions.

Government will spearhead the implementation of the MGDS, however, all stakeholders have varying responsibilities in the implementation process to ensure the attainment of the set goals. In addition, political-will, change of mindset and cooperation among the stakeholders are particularly important for the successful implementation of the MGDS.

I would like to express my sincere thanks to all those that gave their time and ideas for the development of the MGDS. In particular, I thank the Steering Committee, Technical Working Group and the Drafting Team for working tirelessly. It is, therefore, my sincere hope that the implementation of the MGDS will not be wasted but contribute to making Malawi a better nation for our people.

Dr. Bingu Wa Mutharika
STATE PRESIDENT OF THE REPUBLIC OF MALAWI

Foreword

The Malawi Growth and Development Strategy represent an important step that translates the vision of the nation into reality. The overriding philosophy of the MGDS is poverty reduction through economic growth and development. The MGDS identifies five broad strategic themes that define the direction the country intends to go in the next five years. Priority in the medium-term will be on the achievement of sustainable economic growth, social protection of the vulnerable people, social development, infrastructure development and rehabilitation and provision of good governance.

The MGDS will be implemented through the government budget within the medium term expenditure framework. The current macroeconomic framework may be revised in future. However, the overall share of expenditure in percent of GDP will not change to ensure the maintenance in composition of the priority expenditures.

The Malawi Growth and Development Strategy was developed under the leadership of the Steering Committee that was co chaired by Mr. Patrick Kabambe, Principal Secretary for Administration and Finance in the Ministry of Finance and Mr. Patrick Kamwendo, Secretary for Economic Planning and Development. Other members of the steering committee were Mr. N. Kumwembe, Secretary for Trade and Private Sector Development, Mr. Kamphwereza Banda, Chief Executive for Malawi Investment Promotion Agency, and Dr Wilson Banda, General Manager for Economic Services, Reserve Bank of Malawi.

The Technical Working Group was chaired by Ted Sitimawina and Fanny M'bawa. The other members of the TWG were: Mrs Patricia Zimpita, Charles Kambauwa, Clement Nyirongo, Steven Banda, Kelvin Kanswala Banda, Hastings Chipungu, Jolam Banda, Kisu Simwaka, and Chimwemwe Mpasu.

Special thanks to Mr Ben Botolo and his MPRS review team for their timely and valuable input from the lessons of the MPRS implementation on which the MGDS has built on.

Malawi Growth and Development Strategy

Thanks also to Mr Machinjiri, the Commissioner for Census and Statistics, and staff of NSO for timely producing Integrated Household Survey (IHS) Malawi Demographic and Health Survey (MDHS) and Poverty Vulnerability Assessment (PVA) data.

Lastly, we would like to accord special thanks to various public, private, civil society, and donor organizations and individuals that devoted their time and resources to the formulation of the MGDS.

Hon. Goodall Gondwe
Minister of Finance

Hon. David Faiti M.P.
Minister of Economic Planning
and Development

Acronyms

ACB	Anti-Corruption Bureau
AIDS	Acquired Immuno Deficiency Syndrome
ARVs	Anti-retrovirals
COMESA	Common Market for Eastern and Southern Africa
DFIF	Department for International Development
ESCOM	Electricity Supply Commission of Malawi
EU	European Union
FBOs	Faith based Organizations
GDP	Gross Domestic Product
GTZ	German Technical Co-operation
HIV	Human Immunodeficiency Virus
ICT	Information, Communication and Technology
IMF	International Monetary Fund
IHS	Integrated Household Survey
IWRM	Integrated Water Resource Management
IQ	Intelligent Quotient
KM	Kilometers
MAREP	Malawi Rural Electrification Programme
MCCI	Malawi Chambers of Commerce and Industry
M&E	Monitoring and Evaluation
MEPD	Ministry of Economic Planning and Development
MEGS	Malawi Economic Growth Strategy
MDGs	Millennium Development Goals
MDHS	Malawi Demographic and Health Survey
MGDS	Malawi Growth and Development Strategy
MIS	Management Information System
MK	Malawi Kwacha
MOF	Ministry of Finance
MIPA	Malawi Investment Promotion Agency
MP	Member of Parliament
MPRS	Malawi Poverty Reduction Strategy
MTEF	Medium Term Expenditure Framework
NAC	National AIDS Commission
NAG	National Action Group
NEEP	National Economic Empowerment Policy
NGOs	Non-Governmental Organizations
NSO	National Statistics Office
RBM	Reserve Bank of Malawi
SMP	Staff Monitored Programme
TWG	Technical Working Group
PFMA	Public Finance and Management Act
PEM	Protein Energy Malnutrition

PMCT	Preventive Mother to Child Transmission
PPA	Public Procurement Act
PPP	Public Private Partnerships
PRGF	Poverty Reduction and Growth Facility
PS	Principal Secretary
PVA	Poverty Vulnerability Assessment
PWP	Public Works Programme
SADC	Southern Africa Development Community
SMP	Staff Monitored Programme
TA	Traditional Authority
TB	Tuberculosis
UNDP	United Nations Development Programme
UNICEF	United Nations Childrens' Fund
UNFPA	United Nations Population Fund Agency
US\$	United States Dollar
VCT	Voluntary Counseling and Testing
WB	World Bank
WHO	World Health Organization

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Executive Summary

The Malawi Growth and Development Strategy (MGDS)

The Malawi Growth and Development Strategy (MGDS) is the overarching strategy for Malawi for the five years period from 2006/07 to 2010/2011 fiscal years. The purpose of the MGDS is to serve as a single reference document for policy makers in Government, the Private Sector, Non Governmental Organizations and Cooperating Partners on Government's socio-economic growth and development priorities.

The MGDS is centered on achieving strong and sustainable economic growth, building a healthy and educated human resource base, and protecting and empowering the vulnerable. The pre-requisites for good performance of the strategy are good infrastructure and good governance.

The MGDS presents a policy framework that articulates issues related to both economic growth and development. The policy mix of the MGDS is aimed at achieving the medium-term development objectives for the country. The new emphasis in the policy direction does not necessarily imply a decrease in investment in the social sectors, but rather seeks to strike an appropriate balance between the investment in economic growth and social services.

The MGDS is a product of a highly consultative and participatory process that identified specific strategies and focus actions that will be pursued and implemented in the medium-term in order to attain the aspirations of the nation. It has been developed based on the past lessons and experiences of the MPRS implementation while taking into consideration of the current political, economic and social developments in the country and has also been aligned with existing key sectoral strategies and policies from both private and public stakeholder institutions. Government will spearhead the implementation of the MGDS, however, all stakeholders have varying responsibilities in the implementation process to ensure the attainment of the set goals.

Malawi Poverty Reduction Strategy Implementation Review

Poverty has not changed significantly for the past seven years. According to Integrated Household Survey 2004/05, the current status of poverty shows that 52.4 percent of the population lives below the poverty line¹, i.e. about 6.3 million Malawians are poor, with

¹ The data from the IHS2 is not directly comparable to the past poverty levels. A change in survey instruments and methodology, required an effort to compute the poverty rates for the previous IHS using the current methodology. In this exercise, poverty estimates from IHS1 were estimated using regression models to impute expenditure per capita based on comparably measured household characteristics. The IHS1 poverty rates were calculated at 54%

the poorest people in the Southern Region and rural areas poorer than urban (where poverty rates are at 25%). The poor still have poor socio-economic indicators with food security being a continuing threat to better life, ability to integrate the poor into the economic infrastructure, and problems of malnutrition. Female headed households are worse off and income inequality persists in Malawi with the richest 10 percent of the population having a median per capita income that is eight times higher (MK50,373 per person per annum) than the median per capita income of the poorest 10% (K6,370 per person per annum).

The overall poverty figure marks, however, fluctuations in poverty. That is approximately 30% of the poor moved out of poverty during the period, while 30% of the non poor moved into poverty. This suggests that there is continued economic vulnerability in Malawi.

On the economic front, the main macroeconomic indicators remained unsatisfactory with the increase of domestic debt stock as a major setback. Lack of fiscal discipline has in the past contributed to unsustainable increase in the domestic debt. The combination of high interest rates and large stock of short-term domestic debt exacerbated pressure in the operation of the budget as most resources went into debt servicing. The cost of servicing the domestic debt will have an impact in the initial years of the implementation of MGDS.

MGDS Resource Envelope and Budget Framework

The successful implementation of the MGDS will depend on the resource envelope that will be revised from time to time. The total revenue and grants is currently programmed to average 38.5 percent of GDP for the next five years. Tax revenue is expected to remain at about 21 percent of the GDP in the medium term.

The total government expenditure is expected to average about 39 percent of the GDP in the current MGDS macroeconomic framework. However, capital expenditure still remains very low and unchanged during the lifespan of MGDS. The overall fiscal balance is expected to average 1.0 percent of the GDP. The MGDS budget framework is supposed to create an enabling environment for private sector development and improve economic infrastructures such as road networks, water systems and housing for ordinary Malawians.

In the previous strategies, resource allocations were tilted towards general administration and social services. The emphasis of the MGDS is to balance between social and economic sectors. In addition, Government will implement a number of structural reforms to strengthen public expenditure management, tax system and administration, parastatal reform, civil service, decentralization, and good governance.

In addition to a base costing against realistic resource envelope, the MGDS calculated alternative scenarios, should additional resources become available either through faster receipts of Government revenues, increased use of public private partnerships or

additional aid flows. Against these potential increase in resources, the MGDS has identified priority areas where these additional resources would most likely be targeted. The exact targeting will depend on the time in which the resources become available and take into consideration the progress on implementation of the base case policy framework.

Growth and Development Framework

The MGDS's overall goal is to achieve sustainable economic growth and wealth creation in order to bring about the well being for all Malawians and make Malawi a hunger free nation. The strategy recognizes that without growth there will be little chance of reducing poverty and the gains made to date on the MGDs could be reversed.

The strategy direction sees Malawi transforming from a predominately importing and consuming country to being a predominately producing and exporting country, and gradually emerging as an industrial nation capable of transforming agricultural primary commodities and other raw materials to processed products.

The strategy is centered on five themes: (a) achieving strong and sustainable economic growth of at least 6 per cent and enabling the people of Malawi to create their own wealth through social-economic transformation (theme 1); (b) protecting the most vulnerable who may not be able to benefit from growth and preventing the negative consequences of disasters (theme 2), (c) creating a healthy and educated human resource base through social development, including tackling HIV/AIDS and other common diseases (theme 3); (d) focusing on infrastructure as a prerequisite for achieving the objectives of economic growth and improved health and well being (theme 4); and (e) anchoring on the prerequisite of good governance within which there is a sound economic environment, high quality service delivery, effective institutions and rule of law, an efficient and effective public sector, and reduction in corruption (theme 5).

Theme One: Sustainable Economic Growth

The strategy for sustained economic growth requires action on multiple fronts. These have been addressed specifically in the sub-themes outlined below;

Sub-Theme 1: Maximizing the contribution to economic growth through the sources of growth

High growth sectors will be positioned to realize economic growth in the longer term (by taking away constraints to growth) and increase employment in the medium term.

- **Tourism:** Malawi will be established as a principal and leading eco-tourism destination in Africa and domestic tourism will be increased. Strategies to be pursued include: increase capacity to service additional tourist in international competitive accommodations; improve transportation links to tourism

destinations; increase attractiveness of national parks for tourism and eco-tourism and improve tourism marketing regionally and internationally.

- **Mining:** In the medium term, production will be increased and efforts geared towards value adding by all miners. The main strategies for mining include: develop a functioning institutional setting to promote mining, ensure compliance by small, medium and large scale miners with environmental and safety standards ; support small scale miners by integrating them in the minerals market and increasing their value added; and increase investment by private sector companies in medium and large scale mining.
- **Integrated Cotton Industry:** The medium term outcome for the sector is to increase production of garments made from locally woven cotton cloth as opposed to imported synthetic fabrics. Key Strategies include: focusing efforts on identifying and negotiating trade opportunities at the global level. Due to the highly competitive nature of the industry, the industry will look for opportunities where it has a comparative advantage and not attempt to replicate all steps in the value chain.
- **Manufacturing:** The medium term outcome is to lay the foundation for manufacturing to take off. Key strategies include: improving the quality of products and productivity of both labor and machines; enhancing skills through better integration of science and technology into vocational training; improving standard certification capacity; developing additional incentives for investment including redefining the roles; and responsibilities of support institutions.
- **Agro-processing:** The medium term expected outcomes for agro-processing are focused on tea, tobacco, sugar and cotton.

Core Sectors of the economy

- **Tea:** Tea production will be increased, especially clonal tea varieties that are competitive in the world market. by focusing on increasing tea estate and smallholder profitability and reinvestment, as well as increasing value added in tea with the private sector taking a leading role.
- **Tobacco:** Malawi will maintain a position of market leader in burley and add value to tobacco. The main strategy is to increase production of flue cured, NDF tobaccos by rationalization of fees, creating a more efficient and fair system between farmers and auction houses, strengthening contract farming, and exploring additional markets for tobacco, including tobacco products. Common strategies for smallholder farmers include establishing cooperatives, providing farmers with inputs and better extension services, and irrigation.
- **Sugar:** In the medium term, sugar production will increase by 23% (check 23 per cent). The industry also expects to continue to move up the value chain. For

Government, implementation of strategies identified in theme 4 will be the main thrust to burst the sugar sector.

Agricultural Productivity: It is expected that value adding and smallholder productivity will be increased while orienting smallholders to greater commercialization and international competitiveness and increased livestock production to meet domestic demand. Key strategies include: strengthen linkages of farmers to markets by connecting rural communities, including a balance between a focus on domestic markets and export oriented markets; provide effective extension services.

Conserving the natural resource base: This strategy recognizes that sustainable use of natural resources contributes to many of the goals in the MDGS. This includes fisheries, forestry, and the environment.

Fisheries: Malawi will ensure sustained fish availability for food and as well as income generation. Key Strategies include: increasing and sustaining the productivity of small and large scale fisheries for both domestic and export markets; enforcing legislation to ensure sustainable production of fish; promoting the use of modern techniques of fishing; capacity building through community training; and development of small scale fish farming and deep water fishing.

Forestry: The country will ensure sustainable use and management of forestry resources. Key Strategies include: improving productivity and value added by the industrial forestry sector; increasing reforestation efforts for key areas; improving enforcement of regulations for forestry management; initiation of reforestation and environmental rehabilitation programmes in priority areas; and introduce incentives for private sector participation in forestry.

Environmental Protection: Efforts for environmental protection will focus on improving compliance with environment and natural resource management laws. Key Strategies include: improving enforcement of environmental policies, legislation and cooperation in environmental management and NRM and development; raising awareness of issues of protecting the environment; and incorporating environmental concerns in school curricula and establishment of an environmental management information system.

Wildlife

The overall goal is to conserve and manage protected areas and wildlife. In the medium term the sub-sector is expected to conserve, manage and develop wildlife resources to effectively contribute towards sustainable development of biodiversity and the tourism industry in Malawi.

Sub-Theme Two: Enabling environment for private sector led growth

The private sector is a recognized engine of growth. It is expected that in the medium term, there will be (a) an increase in the number of firms that are producing goods that are competitive in regional and international markets, in terms of both product quality and price, and (b) that the number of Malawian firms which are contributing to exports (or export direct) will increase as will the supply of goods for the domestic market.

The key strategies to be undertaken include: addressing the infrastructure constraints; ensuring sustained macro-economic stability; improving vocational training through the current educational system and updating equipment to meet international certification standards; implement tax reforms as defined by the tax review; and improving coordination for domestic and international investors to resolve problems that they face and to access information.

Sub Theme Three: Food Security

Food will be available for all Malawians in sufficient quantities and qualities, at affordable prices. Key strategies include : improving agricultural productivity, livestock, fisheries and increase the variety of food available at household, national, and community levels; implementing policies to improve the functioning of the maize markets; improving the ability to import and distribute food through better domestic and regional connectivity; providing means for Malawian's to gain income and putting in place effective safety net programs with improved targeting and implement a nutrition strategy while improving coordination and management of food aid.

Sub Theme Four: Regional Integration

Domestic production will be enhanced to be competitive at regional and international markets. Key Strategies include: reducing the cost of reaching external markets by focusing on linkages to Mozambique, the Shire Zambezi waterway, and reduced restrictions on air transport; reduce lead times on export and improve efficiency customs operations, improve marketability of export products through improved certification, trade network and information for export.

Sub Theme Five: Economic Empowerment

The productivity of rural communities and businesses will increase to enhance employment and income especially by increasing number of women and youths who actively participate in economic activities. Key strategies include: targeting infrastructure development to ensure that rural communities are linked to markets; developing rural cooperatives to lower transaction costs and helping communities with collective bargaining; strengthening the policy environment for micro-finance, including improved coordination of donor programs; offering vocational and other training for small businesses; and targeting women's participation in growth activities.

Theme Two: Social Protection & Disaster Management

Protecting the most vulnerable will require action on four fronts: These are;

- Caring for the most vulnerable with limited factors of production (malnourished under five children, school going children, orphans, pregnant, lactating mothers, destitute families)
- Preventing the vulnerable from slipping into poverty due to economic shocks
- Increasing the assets of the poor to enable them to engage in growth
- Preventing disasters where possible and reducing the negative impact of disasters of the vulnerable

Protecting the vulnerable

This is designed to ensure that the most vulnerable with limited factors of production are sufficiently cushioned. This encompasses the expectation for improved health and nutritional status of under five children, school age children, orphans, pregnant and lactating mothers as well as destitute families. The strategy will focus on providing efficient and effective support to the most vulnerable with very limited factors of production; Improve planning and integration of knowledge on the needs of the chronically poor; provision of opportunities for the poor farmers and rural communities to graduate from poverty by facilitating their integration in mainstream agricultural productivity and enabling them to accumulate wealth.

Improving disaster risk management

The main aim is the reduction in the socio-economic impact of disasters as well as building a strong disaster management mechanism. The key strategy is enhancing disaster management, planning, and response. Among others, efforts will be done to promote the integration of disaster risk management into sustainable development planning and programming at all levels.

THEME 3: SOCIAL DEVELOPMENT

Social Development is critical in achieving economic growth and poverty reduction – and this strategy area specifically is focused on:

- providing essential health care and strengthening the service delivery;
- improving the quality, relevance, access, and management of education at all levels;
- fostering an improved utilization of nutritious foods
- scaling up efforts to tackle the curative, preventative, and mitigate aspects of HIV/AIDS

Health : Improving health requires a multifaceted approach with a combination of preventive, educational and clinical measures. Key strategies to be pursued include: increasing and retaining the number of well qualified health personnel; increase the

availability and decrease theft of drug supply to health facilities; improve health facilities and equipment at health care facilities; and improve financial management, monitoring and supervision of health care facilities.

Prevent the Spread of and Negative Consequences of HIV/AIDS : The key expected outcomes in to increased number of people accessing ARVs and adopting safer sexual intercourse practices will be increased and number of women accessing the Preventive Mother to Child Transmission (PMTCT) services will also be increased; promote high quality community home-based care services; promote good nutrition, including provision of nutrition therapy to HIV and AIDS individuals; and build capacity at all levels with special focus for local service delivery.

Nutrition : In the medium term, efforts will focus on ensuring effective utilization of food that encompasses quality of the food and the biological utilization of nutrients in the body; reduced levels of under nutrition among all Malawian; reduced incidences and cases of dietary related non-communicable diseases and micro-nutrient disorders among the Malawian population; increased productivity.

Education : In the education sector, emphasis will be on equipping students, especially at the basic education level with basic knowledge and skills to enable them function as competent and productive citizens in a free society; to provide the academic basis for gainful employment in the informal, private and public sectors; and to produce high quality professionals with relevant knowledge.

Gender : The overall priority goal is to mainstream gender in the national development process to enhance participation of women and men, girls and boys for sustainable and equitable development.

Theme Four: Infrastructure

Infrastructure is critical to achieving the growth and social objectives of Government and the strategy is focused on five main areas. These are transport, energy, water and sanitation, information, communication technologies and science and technology research.

Transportation

Investment in the transport infrastructure i.e. roads, rail, air and water has direct impact on linking production and consumption areas. Improved transportation reduces transport costs and leads to creation of marketing networks. High quality and availability of transport facilities provide social benefits through improved access to social services: education, health, markets by facilitating mobility, especially for rural communities. In the short term, construction of these infrastructures will provide income through employment of people.

- **Roads :** In the medium term efforts will be on improving mobility and accessibility of the population to key road corridors within Malawi and out of Malawi while facilitating the improved mobility and accessibility of rural communities to goods and services at low cost to the economy.
- **Water Transport :** The key medium term outcome for water transport is to ensure that Inland shipping network is active in local and international shipping, trade and tourism in a safe manner while protecting the environment. Efforts will also be directed towards plans to navigate the Shire so that the country could have direct access by water to the ports along the Indian Ocean.
- **Rail :** In the medium term, the rail sub-sector will be a well-managed, viable and sustainable system that promotes accessibility, affordable and reliable movement of goods and people. Key strategies include: improving operational efficiency and commercial viability of railway; companies and levels of service to all users including people with disabilities at an affordable cost; and promoting railway safety and environmental protection.
- **Air :** Malawi will attain and maintain a competitive, self sufficient and sustainable civil aviation environment that ensures safety in accordance with national and international standards and enables the provision of services in a reliable and efficient manner.

Energy

It is expected that the country will have reliable, sustainable and affordable energy supply. At the same time, rural communities will begin to use alternative energy supplies for power in under served areas while managing energy related environmental impacts. Key strategies include: making energy utilization efficient in generation, transmission and distribution; targeting electrification for mining, irrigation, business, tourism, and other economic activities that would stimulate economic growth and improve the financial viability of key utilities; reducing parastatal losses by improving management of ESCOM so as to have fair pricing and affordable rates; implementing the Malawi/Mozambique inter-connection grid; increasing access to sustainable energy systems through accelerated the Rural Electrification Programme; and developing public-private partnerships in energy and identification of reliable funding mechanisms.

Water Supply and Sanitation

In the medium term, Malawi intends to increase access to water within 500m distance for all people, thereby ensuring that basic water requirements of every Malawian is met while the countries natural ecosystem is enhanced. Key Strategies include: empowering national authorities to manage water resources using Integrated Water Resource Management approach and establish good monitoring systems; improve the quality of surface and ground water and develop a system for pollution control by among others improving the skills, technologies and techniques in water quality monitoring and

pollution control and by preventing use of substances and aquatic plants that can pollute water resources.

Information, Technology and Communication (ICT)

Telecommunications : The long term goal is have a well developed, affordable and efficient telecommunications system accessible to all who need it. The expected medium term outcomes will be an effective, affordable and efficient telecommunications system and open up the sector to allow new players to come in by amending the relevant regulations. The strategies to pursue include: developing a system that is conducive to business operations; and enacting appropriate legislation that promotes interest of new entrants.

Information Technology : Information, Communication and Technology : In order to achieve this it is expected that in the medium term the country shall have developed ICT infrastructure and improve governance. Broadcasting by radio and television will be the main focus for disseminating information to the public.

Science and Technology Research

The goal is to attain sustainable socio-economic development through the development and application of science and technology in order to improve industrial productivity and quality of goods and services.

Theme Five: Good Governance

Good governance requires action on six fronts. These are –

- Achieving and sustaining macroeconomic stability,
- Strengthening public policy formulation and implementation in a transparent responsive manner,
- Improving service delivery and accountability at the local level through decentralization,
- Developing a strong justice system and rule of law,
- Ensuring personal security, and
- Establishing an institutional setting for good corporate governance.

Macroeconomic Stability

The goal is to sustain economic growth, reduce dependency on foreign aid and generate investor confidence. In the medium term it is expected that Malawi shall achieve a stable environment having low inflation (below 5%), lower interest rates, stable and non-volatile exchange rates, reduced Government borrowing and sustainable debts.

Public Policy Formulation, Expenditure Management and Corruption :

In Malawi the public sector has been characterised by poor management that has generated inefficiencies in the delivery of public goods and services. Government and its

developing partners are already addressing some of the challenges in the sector such as wage policy reform, civil service structure reform, capacity constraints and corruption.

Emphasis in the medium term will be on public policy formulation, public expenditure management, fight against corruption and public sector management.

Decentralization : In the medium term it is expected that local assemblies will be in full control of development planning, there will be improved community participation in development planning, efficient accountability and good governance systems, vibrant monitoring and evaluation system, clear and strengthened linkages of various policy reforms, and reduced conflicts of roles among various stakeholders at the district level.

Developing A Strong Justice System And Rule Of Law : It is expected that Malawi shall have a more responsive and effective judicial authority with sustained administration of justice, increased public confidence in the judicial system and improved ability of private sector to obtain equitable and fair settlement of disputes in reasonable time and at reasonable cost.

Security : In the medium term is to prevent and reduce crime levels. Key strategies include: Improving the responsiveness of police to communities security needs by reducing the police population ratio through recruitment and training of more officers; Promoting effective prosecution and punishment; Effective crime detection, investigation and prevention through the provision of adequate technical and financial support to the police; Strengthen partnership for risk management between private sector and the police for protection of business property; and Enhance community integration and participation in crime prevention, and detection through civic education.

Corporate Governance : The implementation of the code of best practices on corporate governance in the medium term is expected to enhance private sector performance through reduced corruption and fraud and improve investor perceptions of Malawi as an attractive investment destination. This is expected to translate into increased levels of domestic and foreign direct investment. Key strategies include: popularising the need and role of the Institute of Directors to play a leading role in facilitating the adoption of good corporate governance code of best practices; Mobilization of private sector support for this initiative which will facilitate the sustainable operations of the new institution and its operations.

MGDS Implementation, Monitoring and Evaluation

The MGDS implementation will involve all stakeholders: Government, Parliament, judiciary, NGOs and all civil society organisations, private sector and the public. It is expected that donors and co-operating partners will align their support and activities to the MGDS. The main tool for the implementation of the MGDS will be the annual budget through medium term expenditure framework. The Public Sector Investment Programme (PSIP) will be aligned towards the medium term outcomes and strategies in the MGDS.

Budget submissions that either include activities outside the MGDS or exclude activities inside MGDS will be rejected.

Monitoring and Evaluation

The monitoring of MGDS will be in accordance with monitoring and evaluation master plan developed by Ministry of Economic Planning and Development, Ministry of Finance, Ministry of Local Government and Rural Development and National Statistical Office. The stakeholders will align indicators in accordance with the MGDS themes and sub themes.

Chapter 1

INTRODUCTION

The Malawi Growth and Development Strategy (MGDS) is the overarching strategy for Malawi for the next five years from 2006/07 to 2010/2011 fiscal years. It presents a policy framework that articulates issues related to both economic growth and development. The policy mix of the MGDS is aimed at achieving the medium-term development objectives for the country. The purpose of the MGDS is to serve as a single reference document for policy makers in Government, the Private Sector, Non Governmental Organizations and Cooperating Partners on Government's socio-economic development priorities.

The MGDS is a product of a highly consultative and participatory process that identified specific strategies and focus actions that will be pursued and implemented in the medium-term in order to attain the aspiration of the nation. The strategies have been developed based on the past lessons and experiences of the MPRS implementation while taking into consideration of the current political, economic and social developments in the country. The MGDS has also been aligned with existing key sectoral strategies and policies from both private and public stakeholder institutions.

The focus of the MGDS is poverty reduction through sustainable economic growth and development. Government will spearhead the implementation of the MGDS, however, all stakeholders have varying responsibilities in the implementation process to ensure the attainment of the set goals. The main thrust of MGDS is that the rise in per capita income in quintiles of Malawi population will lead to phenomenal poverty reduction of the households in those quintiles.

The MGDS is based on five thematic areas namely; sustainable economic growth; social protection; social development; infrastructure and good governance. The issues of HIV and AIDS, science and technology, gender and empowerment and environment are streamlined within these themes of the MGDS.

The outline of the MGDS starts with the introduction in chapter 1 which gives an overview of the MGDS. The background of the MGDS is presented in chapter 2. This also provide the purpose, objectives and rationale of the MGDS. Chapter 3 summarises macroeconomic concepts. Chapter 4 outlines the strategies for the country's development for the next five years. The implementation, monitoring and evaluation is in chapter 5.

Chapter 2

BACKGROUND

The MGDS is not a stand-alone policy document. It has been derived on the basis of the current long-term policy goal of the country prescribed in the Vision 2020 and past experiences in the implementation of medium term policy objectives such as the Malawi Poverty Reduction Strategy (MPRS) and Malawi Economic Growth Strategy (MEGS). The MGDS is not an alternative to MPRS or MEGS or the Vision 2020, but rather an implementable medium term strategy that translates the goals and objectives that emerged from a nation-wide consultation process and are reflected in Vision 2020. It intends to build a broad political consensus on the direction for economic growth and wealth creation.

2.1 Malawi Vision 2020

In the late 1990s Malawi developed Vision 2020 which was launched in 2000. This set out a long-term development perspective. It emphasizes long term strategic thinking, shared vision and visionary leadership, participation by the population, strategic management and national learning². The Vision 2020 states that “by the year 2020 Malawi as a God fearing nation, will be secure, democratically mature, environmentally sustainable, self-reliant with equal opportunities for and active participation by all, having social services, vibrant cultural and religious values and a technologically driven middle-income economy”. The fundamentals of the MGDS are based on the shared vision 2020 and commitment of Malawians to improve their economic welfare.

2.2 Malawi Poverty Reduction Strategy

In May 2002, the government launched Malawi Poverty Reduction strategy presented a first attempt to translate long-term strategy of Malawi Vision 2020 into medium term focused action plans. The MPRS became the overarching medium term strategy of the government for reducing poverty in the country. The goal of the MPRS was to achieve “sustainable poverty reduction through empowerment of the poor.” The MPRS was built around four strategic pillars of which the first one put emphasis on the promotion of sustainable pro poor growth. The MPRS also had four key cross cutting issues: HIV/AIDS, gender, environment, and science and technology. The implementation period for the MPRS was for a period of three years and it came to an end in the fiscal year 2004/05.

In the second half of 2005, the MPRS was reviewed to draw lessons from implementation. These lessons are summarized in the report “Comprehensive Review of the MPRS 2005” and its findings informed the strategy direction of the MGDS. The executive summary and main findings from the MPRS are attached in the annex.

² Vision 2020 conceptual framework.

2.4 Malawi Economic Growth Strategy (MEGS)

Under the first pillar of the MPRS, Sustainable Pro-Poor Growth, stakeholders noted that the strategies and actions were insufficient to achieve sustained annual economic growth of at least 6 per cent and thus contribute to poverty reduction. Further, the 2002/03 MPRS review revealed that housing and land policy issues among others were not well articulated to contribute effectively to broad based growth. While it did identify certain sectors in terms of their growth potential, it did not focus on eliminating obstacles to growth on an economy-wide basis, nor did it sufficiently articulate the role of the private sector. Therefore, in July 2004, the Government of Malawi developed the Malawi Economic Growth Strategy (MEGS) in close cooperation with the private sector. The MEGS was not designed as an alternative to the MPRS, but rather as a complement to strengthen pillar one through investments that would directly impact economic growth.

In addition to the findings from the MPRS comprehensive review, additional analysis of the constraints to private sector led growth has been undertaken at various fora involving key stakeholders to discuss the constraints. In September 2005, private sector developed key issues and possible responses for a national export strategy. The findings and responses are integrated into the MGDS.

2.5 Millennium Development Goals

Malawi remains committed to achieving the Millennium Development Goals (MDGs) localized to the Malawian context. These goals are important to Malawi as they reflect improvements in the wealth and welfare of the people of Malawi. All of the MDGs are addressed in the strategy with the targets and strategies localized to the Malawi context.

2.6 Malawi Growth and Development Strategy

The government in consultation with its stakeholders have developed MGDS as a single Strategy that has consolidated MPRS, MEGS, Health SWAp and various sector strategies. The sector strategies will be implemented in accordance with the principles of MGDS. The main driving force of the MGDS is to institute strategies that will stimulate economic growth and bring about prosperity and improve welfare of most Malawians. It is expected that once the Strategy is implemented, it will transform the country from a predominately importing and consuming country to being a predominately producing and exporting country.

Malawi remains committed to achieving the Millennium Development Goals (MGDs) localized to the Malawian context. The strategy recognizes that without economic growth there will be little chance of reducing poverty in the country. Therefore, economic growth is central to achieving the MDGs as it reduces poverty directly and expands availability of

resources for improved service delivery. The MGDS recognizes the importance of the MDGs hence the strategies in the MGDS have been aligned to the MDGs outcomes.

- **Poverty:** The goal of the MGDS is to decrease poverty by 8% through a combination of (a) economic growth, economic empowerment and food security so that Malawians are less vulnerable to economic shocks, and (b) measure to protect those who temporarily fall into poverty through measures to increase assets for the poor. The strategy seeks to decrease the fluctuations in poverty by providing economic conditions to help keep those that move out of poverty, out and ensure that those who are already out of poverty do not fall into poverty due to economic shocks.
- **Hunger:** The MGDS seeks to directly decrease the proportion of the population who suffer from hunger and to improve the nutritional status of the population. Cycles of hunger are a factor in people moving into poverty. Food security is one of the key priorities.
- **Education:** The MGDS seeks to improve the quality of the educational system at all levels. (information to be added based on the PER review)
- **Gender:** The MGDS addresses gender by integrating targeted programs for women to enable women to be part of economic growth (such as targeted programs for business development, micro-finance, etc). The strategy for gender directly targets mainstreaming gender into the programs of government and disaggregates information by gender. The strategy notes that female headed households are more likely to be poor.
- **Child Mortality:** The MGDS addresses child mortality through improved access to the essential health care services (including integrated management of childhood illness plus immunization (e.g., oral rehydration therapy, antibiotics for diarrhoeal disease and acute respiratory infection, etc) In addition, the strategy seeks to increase access to clean water and sanitation, improve the nutritional status of children and ensure food security.
- **Maternal Mortality.** The MGDS recognizes that little progress has been made on maternal mortality. It seeks to improve the antenatal care and basic emergency obstetric care. Measures are being taken through the Health Sector Support Program to directly tackle health related issues for maternal mortality. It is also recognized that economic empowerment will also enable women to avail of better care.
- **HIV and AIDS:** The MGDS incorporates the strategies of the National Aids Framework and the three ones. It seeks to not only reduce the prevalence and incidence of HIV and AIDS but also decrease the negative impact of HIV and AIDS on people living with AIDS and to reduce the economic and social consequences for those who care for people living with AIDS.

- **Malaria:** The MGDS is tackling malaria through improvement of essential health care services, realizing efficiency gains. It is expected that malaria incidence will decrease while the treatment of malaria will improve.
- **Environmental Sustainability:** The MGDS recognizes that managing its natural resources is an essential aspect of environmental sustainability. Thus, not only does the strategy directly consider environmental sustainability in forestry resources and fisheries and enforcement and education of environmental standards, but also it seeks to identify areas, such as eco-tourism, which have a positive spill over affect on economic sustainability.
- **Access to water:** The MGDS seeks to achieve the MDG of access to clean water and sanitation

The new emphasis in the policy direction does not necessarily imply a decrease in investment in the social sectors, but rather it seeks to strike an appropriate balance between the investment in economic growth and social services. This could be achieved through reallocation of expenditure from non-priority sectors such as general administration to economic services and investment in productive sectors such as transport, energy and agriculture. In addition, it is recognized that intra social sector investment could be prioritized, stressing efficiency and effectiveness of social investment.

2.6.1 Malawi Growth and Development Strategy Formulation Process

The Cabinet Committee on Economic Management set up a Steering Committee to translate the Government's vision for Malawi into an operational strategy for the medium term. The Steering Committee in turn set up a Technical Working Group (TWG) to lead the formulation of Malawi Growth and Development Strategy.

The consultation process for preparing MGDS was done in two phases. The first phase started with internal Government discussions in order to develop a framework for further consultations. The priorities and approach of the strategy benefited from working sessions within Government and available data analysis and evaluations of implementation of the MPRS. A list of the documents consulted is included in the Annexes. A number of consultative meetings and workshops were held with all stakeholders to seek their input in the strategy.

The second phase consultation involved the interface between the TWG with the MPRS Review Team. The findings of the comprehensive review of the MPRS whose consultations sought feedback from civil society on its implementation was incorporated into this document. In addition, the MGDS incorporated inputs from Integrated Household Survey and initial findings from Malawi Poverty Vulnerability Analysis. Further consultations were held with the stakeholders that included Government, Parliament, Judiciary, private sector, civil society and donors on the content of the strategy.

2.6.1 Key Priority Areas of the Malawi Growth and Development Strategy

Over the past years, a national consensus has emerged that Malawi needs to develop a set of priorities that will enable the country to develop fast and move out of poverty. The following key priorities were identified as necessary for the implementation of the MGDS.

- Create stable macroeconomic conditions for growth to instill domestic and international confidence in the economy.
- Develop and strengthen business enterprises that create wealth and thus contribute positively to economic growth through deep-rooted private sector reforms, focusing on improvements in infrastructure.
- Enhance production of food crops to make Malawi a hunger free nation
- Develop civil service capacity to facilitate private sector based growth and development in order to contribute effectively to the resuscitation of economic growth including moving forward the decentralization process to effectively mobilize local resources in the development process.
- Provide basic health care and industry needs driven education to ensure a productive population that will contribute to sustainable economic growth, and
- Promote good governance practices because it underpins the achievement of all economic growth and social development objectives.

The MGDS defines actions to address these priorities, and other means necessary to achieve the medium term outcomes of Malawi.

2.6.2 Malawi Growth and Development Strategy Framework

The Strategy is centered on achieving strong and sustainable economic growth, building a healthy and educated human resource base, and protecting and empowering the vulnerable so they can be productive contributors to the economy. The successful implementation of the Strategy will be depend good governance environment within which there is a sound economic environment, high quality service delivery, effective institutions and rule of law, an efficient and effective public sector, and reduction in corruption. It also recognizes the need to focus on infrastructure development to enable private sector operate effectively and efficiently in the economy.

For each of the strategy areas, a detailed matrix has been developed and is presented in Volume 2 of the MGDS. These matrices show the relationship between the longer term goals for Malawi, the expected medium term outcomes that should result from the priority actions and move the country closer to realizing the longer term goals, the constraints to achieving the expected medium term outcomes, and the proposed strategies and actions to address the constraints.

The detailed matrices have been translated into a policy matrix which summarizes how the Government, in partnership with private sector and civil society, on the MGDS. The

actions in the policy framework are priority actions that will feed into the yearly budget. Monitoring of progress on the actions, outputs, and expected outcomes will enable the strategy to be changed as conditions change during implementation – while maintaining policy coherence over the period.

2.7 Poverty and Social Profiles

Poverty has not changed significantly for the past seven years. According to Integrated Household Survey 2004/05, the current status of poverty shows that 52.4 percent of the population live below the poverty line³. This translates into about 6.3 million Malawians who are poor, with the poorest people in the Southern Region and rural areas poorer than urban (where poverty rates are at 25%). The poor still have poor socio-economic indicators with food security a continuing threat to better life, ability to integrate the poor into the economic fabric, and problems of malnutrition. Female headed households are worse off and income inequality persists in Malawi with the richest 10 percent of the population having a median per capita income that is eight times higher (MK50,373 per person per annum) than the median per capita income of the poorest 10% (K6,370 per person per annum).

Indicator	Baseline	MPRS target	Current situation
Maternal mortality rate	1,120/100,000 deliveries	400/100,000	1120/100,000
Deliveries conducted by trained health personnel	56%	-	58%
Contraceptive prevalence rate	25%		33%
Infant Mortality Rate	104/1,000	90	76
Under five mortality rate	189	150	133
Fertility Rate	6.3	5.5	6.0
Children underweight (%)	30	20%	22%
Under 1 immunization rate	54%	-	55%
ITN Coverage	13%	-	42%

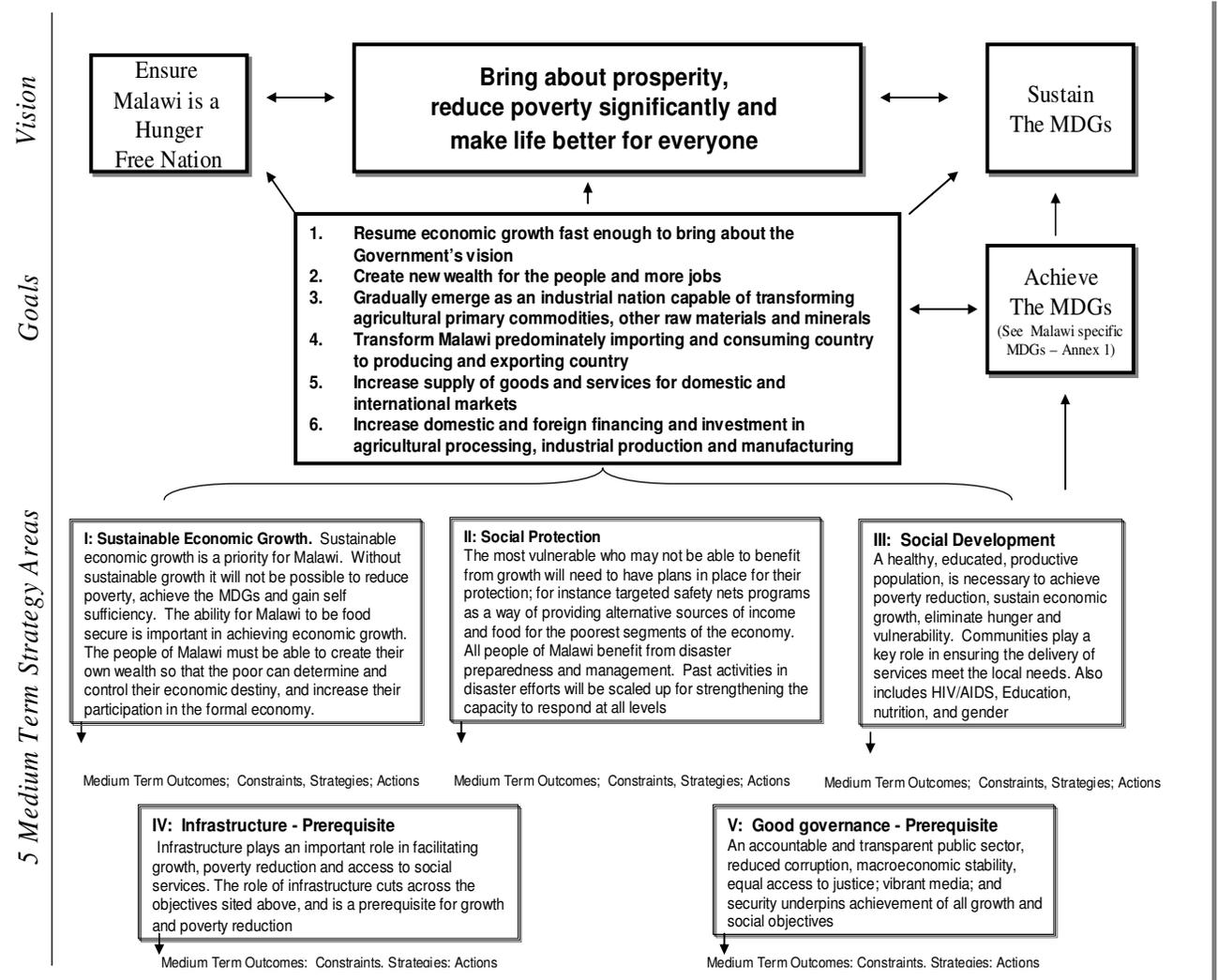
³ The data from the IHS2 is not directly comparable to the past poverty levels. A change in survey instruments and methodology, required an effort to compute the poverty rates for the previous IHS using the current methodology. In this exercise, poverty estimates from IHS1 were estimated using regression models to impute expenditure per capita based on comparably measured household characteristics. The IHS1 poverty rates were calculated at 54%

The overall poverty figure masks, however, fluctuations in poverty. That is approximately 30% of the poor moved out of poverty during the period, while 30% of the non poor moved into poverty. This suggests that there is continued economic vulnerability in Malawi. In general communities have experienced a decline in social and economic growth in the last 10 years.

In addition, social indicators have not improved significantly in the past several years. The MGDS is to reduce poverty levels of the country to between 40-45 percent during the implementation period by creating necessary opportunities for development.

This section will incorporate main findings from the comprehensive MPRS review. For information on main lessons, the reader will be referred to the MPRS comprehensive review report.

Graphical Presentation of the five MGDS themes



Chapter 3

MACROECONOMIC FRAMEWORK

3.1 Macroeconomic Stability

A good macroeconomic framework will entail sustainable macroeconomic stability in the economy. The prevalence of stable macroeconomic environment will create a precondition for sustainable economic growth and wealth creation. In the recent past, the country has experienced unstable macroeconomic environment mainly due to uncontrollable government expenditure. The macroeconomic instability is characterised by high inflation, high interest rates, volatile economic growth and volatile exchange rate

3.2 Macroeconomic Developments 2001-2004

The economic performance for Malawi has been dismal between 2001 and 2004. The real Gross Domestic Product (GDP) averaged 1.5 percent per annum. The inflation rate which is largely influenced by food prices has considerably come down from an annual average of 27.2 percent in 2001 to annual average of 11.5 percent in 2004. The impact of food shortages and increasing petroleum product prices continues to exert pressure on the inflation.

Savings and investment ratios have remained poor over the past few years largely on account of low disposable incomes. National savings as a share of GDP have remained below 3.2 per cent while gross investment has been below 11.2 per cent. It is noted that there is a disparity between investment and savings rates with the later being lower. This implies that the investment taking place in Malawi is not driven by the national savings.

The main macroeconomic development during the reference period was the increase of the domestic debt stock. Lack of fiscal discipline has in the past contributed to unsustainable increase in the domestic debt. The combination of high interest rates and large stock of short-term domestic debt exacerbated pressure in the operation of the budget as most resources went into debt service.

3.3 Medium Term Macroeconomic Prospects Of The MGDS

The macroeconomic framework for the MGDS is based on the commitment to the Poverty Reduction and Growth Facility. Therefore, Government is committed to pursue sound economic policies geared to increase and sustain economic growth reduce inflation rate, maintain flexible exchange rate and improve foreign reserve position. In addition, increase employment and improve the trade balance by improving the country's export capabilities. The medium term macroeconomic objectives are presented in Table 3.2 below

Table 3.2: Medium-Term Objectives

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Inflation Rate	9.8	13.7	16.9	13.9	7.0	7.0	5.0	5.0	5.0
GDP Growth	3.9	4.6	2.1	8.2	5.6	5.9	6.0	6.0	6.0
Domestic Debt ⁴	25.0	24.1	19.8	16.8	14.2	12.3	10	10	10
Fiscal Balance ⁵	-0.9	-4.1	-1.3	-0.9	-0.7	-1.1	-1.0	-1.0	-1.0
Gross Reserves ⁶	1.5	1.3	1.6	2.2	2.4	2.6	3.0	3.0	3.0

3.3.1 Economic Growth

The main thrust of MGDS is to ensure that there is increased productivity at all levels of the society. The economy is expected to grow more than 6 percent per annum on average as shown in Table 3.2. The per capita income is expected to increase from an average of US\$160 per person to an average of US\$450 by the end of 2011. (National Accounts 2005).

3.3.2 Inflation Rate and Monetary Policy Objective

The monetary policy objective is to achieve low inflation and sustainable low interest rates. The inflation rate is expected to come down to the range of 5-8 percent by the end of 2008. The broad money is expected to anchor the monetary programme with foreign exchange sales and open market operations as the policy instruments in influencing liquidity in the economy. The exchange rate policy will still remain market determined.

3.3.3 Fiscal Policy Objective

The MGDS medium term fiscal policies will aim at reducing the government's absorption of domestic resources at the same time ensuring substantial allocations in pro-poor and pro growth sectors as outlined in the strategy. It is expected that underlying fiscal balance will average 0.2 percent for next five years as presented in Table 3.2. It envisaged that this policy will ease pressures on real interest rates and help maintain competitive exchange rate.

The MGDS fiscal programme targets a significant repayment of debt as a means of reducing the interest burden to around 3 percent of GDP for the next five years. The implementation of MPRS was hampered by the increase of domestic debt stock to unsustainable levels. The domestic debt stock is expected to decrease from 19.8 percent of the GDP in 2005 to less than 10 percent of GDP in 2011. The disentangled resources from debt service will be channeled towards education, health and physical infrastructure such as rural road network in accordance with MGDS governing principles.

⁴ Percent of GDP

⁵ In percent of GDP

⁶ Months of imports, calendar year basis

3.3.4 MGDS Resource Envelope and Budget Framework

The successful implementation of the MGDS will depend on the resource envelope that will be revised from time to time. The total revenue and grants is currently programmed to average 38.5 percent of GDP for the next five years as shown Table 3.3. Malawi's tax burden is high compared to other developing countries in the region. The tax revenue therefore is expected to remain at about 21 percent of the GDP in the medium term.

Table 3.3: Budget Framework and Resource Envelope

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
TRG ⁷	38.8	43.5	39.7	38.5	37.3	38.5	38.5
Revenue	24.8	24.6	24.4	25.6	24.0	25.0	25.0
Tax Revenue	21.8	21.5	21.4	21.3	21.2	21.3	21.3
Grants	14.0	18.9	15.3	14.3	13.3	13.5	13.5
Total Expenditure	42.9	44.7	40.6	39.2	38.4	39.5	39.5
Current Expenditure	32.2	31.9	28.6	27.3	26.4	27.5	27.5
Capital Expenditure	10.4	12.8	12.0	11.9	12.0	12.0	12.0
Overall Balance	-4.1	-1.3	-0.9	-0.7	-1.1	-1.0	-1.0
Nominal GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The total government expenditure is expected to average about 39 percent of the GDP in the current MGDS macroeconomic framework. Capital expenditure still remains very low and unchanged during the lifespan of MGDS. The overall fiscal balance is expected to average 1.0 percent of the GDP. The MGDS budget framework is suppose to create an enabling environment for private sector development and improve economic infrastructures such as road networks, water systems and housing for ordinary Malawians.

In the previous strategies, resource allocations were tilted towards general administration and social services. The emphasis of the MGDS is the creation of wealth to meet social and economic needs. In addition, Government will implement a number of structural reforms to strengthen public expenditure management, tax system and administration, parastatal reform, civil service reform, decentralization, and good governance.

3.3.5 Alternative Scenarios

In addition to a base costing against realistic resource envelope, the MGDS calculated alternative scenarios, should additional resources become available either through faster receipts of Government revenues, increased use of public private partnerships or additional aid flows. Against this potential increase in resources, the MGDS has identified priority areas where these additional resources would most likely be targeted. The exact targeting will depend on the time in which the resources become available and take into consideration the progress on implementation of the base case policy framework.

⁷ Total Revenue and Grants

Chapter 4

GROWTH AND DEVELOPMENT FRAMEWORK

This chapter summarizes the five themes of the Malawi Growth and Development Strategy. These are Sustainable Economic Growth, Social Protection, Social Development, Infrastructure and Good Governance.

4.1 Theme One:

SUSTAINABLE ECONOMIC GROWTH

Sustainable economic growth is central to Malawi's ability to reduce poverty, achieve the MDGs and gain self sufficiency. Without this growth, it will be impossible to deliver on the Government's vision of creating wealth and employment for all the people of Malawi, transforming from a consumption based economy to a production based economy, and gradually emerging as an industrial nation capable of transforming agricultural primary commodities, other raw materials and minerals. Malawi will seek to increase export led growth, to diversify the economy and ensure that this growth is shared with all people in Malawi.

To this end Malawi will also seek to increase domestic and foreign investment in productive sectors and eliminate food shortages. In the medium term agricultural production and smallholder integration into commercial activities will remain a mainstay of the Malawian economy, while strategies to target high growth sectors are being developed. The strategy for sustained economic growth requires action on multiple fronts in order to deliver on these national goals. These include maximizing the contribution to economic growth through the sources of growth, ensuring food security, putting in place an enabling environment for private sector led growth, improving regional integration, and empowering rural communities to be part of economic activities. A common constraint to growth is the infrastructure (which is covered in detail in Theme 4)

Table 4.1 Goals and Medium Term Expected Outcomes (see the summary table for priority actions and Volume two for the implementation plan)

Sub Theme	Goals	Medium Term Expected Outcomes
A. Contribution to economic growth through the sources of growth increased	<ul style="list-style-type: none"> Sustained Economic Growth of at least 6 per cent beginning in 2007 Increase in exports, especially exports from rural areas Diversify economic base and source of foreign exchange Reduced environmental degradation 	<ol style="list-style-type: none"> High growth sectors will be positioned to realize economic growth with increased employment in the sub-sectors (tourism, mining, cotton/textiles, mnf; agro-processing); Growth in the medium term will come from the core sectors of the economy, (agricultural outputs: tea, tobacco, moving up the value chain in tobacco, sugar); This growth will continue in the long term Increased value added to agriculture and productivity of farmers and reorientation of smallholder sub-sector toward greater commercialization and international competitiveness Increased productivity and protection of natural resources (fisheries, forestry, environment)
B. An enabling environment for private sector led growth,	<ul style="list-style-type: none"> Increase foreign and domestic investment 	<ol style="list-style-type: none"> Increase in business enterprises that contribute positively to economic growth and increase domestic market supply Increase foreign direct investment Improvement of private sector competitiveness
C. Food Security	<ul style="list-style-type: none"> No food shortages even in times of disasters (drought, floods, etc.) Increased exports of food staples 	<ol style="list-style-type: none"> Food is available in sufficient quantities and qualities and supplied through domestic production or imports. All Malawians have at all times physical and economic access to sufficient nutritious food required to lead a healthy and active life
D. Regional Integration	<ul style="list-style-type: none"> Net exporter from net importer 	<ol style="list-style-type: none"> Increase in businesses which are accessing the international markets with products Increase in export oriented businesses
E. Economic Empowerment	<ul style="list-style-type: none"> Reduce income disparity (decrease GINI coefficient –) Increase in employment, and on and off farm income Develop a middle class 	<ol style="list-style-type: none"> Increase employment and income of the poor from on and off farm activities Increase productivity of rural communities / businesses and thus their contribution to economic growth Women, youth and the disabled fully participate in the productive economy Integration of urban poor into the productive economy

4.1.1 Sub Theme One: Maximizing the contribution to economic growth through the sources of growth

Despite the Government strategy defined in the MPRS and MEGS, recent trends show that more needs to be done to realize economic growth and poverty reduction. The economy has shown fluctuating, but generally low growth rates over the last decade and real GDP growth has been highly variable, mainly because of (the economy's

dependence on the agricultural sector⁸) poor and unstable macro-economic environment resulting mainly from high unsustainable fiscal deficits and high cost of production. These lower than expected growth rates, coupled with a population growth rate of nearly 2 percent per year, have meant a sharp fall in per capita consumption. In addition, market uncertainty and slow growth have resulted in a defensive response from local farmers and businessmen. Due to uncertainty many have opted for personal and business security as opposed to aggressive participation in markets where they might achieve higher productivity and incomes. This has resulted in many farm households undertaking low value subsistence farming, manufacturing firms scaling down activities, and a less active financial sector that has used its resources in less risky government paper rather than aggressively engaging in business lending.

There has been little noticeable diversification of the economy. Agriculture continues to be the main source of economic growth. The industrial sector remains basic and constrained by high real interest rates restricting investment, and high transport and power costs. Overall, the economy is vulnerable to external factors such as drought /natural disasters, limited cost effective access to domestic, regional, and international markets, high transport costs, and a high level of dependence on external aid. [Growth is also constrained by chronic macroeconomic instability, high fiscal deficits and slow progress on important reforms for market led growth (eg. privatization, Government intervention in agricultural markets)].

Exports remain heavily dependent on a narrow range of primary commodities, with tobacco accounting for 70% of export earnings, with the majority unbranded bulk commodities sold at low and declining world prices. There is limited value addition within the manufacturing sector. This leaves Malawi vulnerable and expansion into other exports is constrained by a number of factors. The structure of the export sectors limits the effects of exports on the economy. This is due to the bulk of production (for tea, sugar, coffee) by a limited number of large scale estates and few forward and backward linkages. Women tend to be underrepresented in all sectors of the economy, with the exception of the informal sector.

Economic growth is constrained by the land-locked nature of Malawi, low per capita income resulting in low effective demand within the country; unreliable infrastructure, chronic food insecurity and limited opportunities for exports. These represent special barriers to private investment and the strategies herein are designed to address these Malawi specific barriers.

For Malawi to achieve economic growth of at least 6 % per year and to create wealth for its people there must be a concerted effort by private sector, government, and all Malawians to accelerate growth and diversify its sources. It is expected that the combined strategy for economic growth will result in reduction of poverty. **Prospects for economic**

⁸ The current projection for growth is only 2.1 percent⁸ (compared with a pre-drought projection of 4.8 percent). While real GDP growth rose in 2004 to 4.6% compared to 3.9% in 2003, GDP growth for the year 2005 as a whole fell by almost 3 percent. The 2005 reduction is mainly due to reductions in agricultural production. This also resulted in a negative impact on business confidence and the outlook for growth throughout the economy, notably for manufacturing.

growth in the medium-term will continue to be driven by the agriculture sector with sectoral shares to GDP remaining the same in the medium term. This will be complemented by efforts to maximize the sources of growth from potential high growth sectors.

In the medium term, the stable macro-economic environment will be a catalyst for private sector to invest and realize the projected growth from potential high growth sectors. Government's immediate responsibility will be to provide a conducive and stable macro-economic environment for private sector investment through prudent fiscal management.

4.1.1.1 High Growth Sectors

The goal is to increase productivity, diversify the economy and improve export led growth. To achieve this, the medium term expected outcome is that high growth sectors will be positioned in order to realize the targeted economic growth and increase employment. The Malawi Economic Growth Strategy identified tourism, mining, manufacturing, an integrated cotton industry and agro-processing as potential high growth sectors. Currently these sectors face specific constraints that hinder their ability to reach their full potential. They are also constrained by a lack of an enabling environment which affects the entire economy. Thus the Malawi Growth and Development Strategy will focus on addressing specific constraints to these high growth sectors, and engage private sector in honest dialogue to implement strategies to achieve each high growth sector's medium term outcomes.

The MGDS will also provide a framework for phasing of activities for addressing general constraints such as availability of reliable energy sources and other improved physical infrastructure requirements that will benefit the high growth sectors.

(a) Tourism

Goal

Increase in contribution of tourism income to Malawi's GDP from 1.8% in 2001 to projected growth potential of 8% for next five years to 2011.

Medium Term Expected Outcomes

The medium term outcome for tourism is to establish Malawi as a principal and leading eco-tourism destination in Africa. Apart from looking for tourists outside Malawi, there is also opportunity to increase domestic tourism. According to the World Travel and Tourism Council, tourism is expected to generate 7.1% of new jobs annually in Malawi⁹. The key constraints to achieving this include high costs to reach destinations, uncoordinated promotion activities, and threats to the eco-tourism destinations such as forests, parks, wildlife, due to economic and population pressures. Eco-tourism also has

⁹ Ministry of Trade and Private Sector Development September 2005

a direct positive impact on the environment. In addition, the tourism sector is highly competitive and without a value proposition it will be difficult for Malawi to grow in this area.

Key Strategies

The Government will work closely with the private sector to strategically diversify the tourism product, identify niche opportunities, and make Malawian tourist destinations a good value proposition against competitors in the region. The main strategies include:

- Develop quality and diversified products and services based on the natural and cultural resources heritage to attract tourists.
- Increase capacity to service additional tourists in accommodation facilities that are competitive with other tourist destinations in the region, including transportation links to tourism destinations
- Improve the reach of tourism products to domestic, regional and international markets
- Facilitate investment, infrastructure development and visitor management programmes on undeveloped areas with proven tourism potential

Private sector investment in tourism will be encouraged for growth in tourism and Government will provide the conducive environment for tourism investment. To facilitate this, the key priorities for Government will be to develop eco – tourism products to acceptable standards, to prioritize roads and landing strips to key destinations, build capacity of communities in tourism through tailor made courses in training institutions and coordinate efforts for a unified position on tourism promotion to reach potential customers in international and regional markets.

(b) Mining

Goal

The ultimate goal is to increase foreign exchange from mining

Medium Term Expected Outcomes

The medium term outcome for mining is to increase production output and value added by small, medium and large scale miners, to supply industrial raw materials in the country (import substitution) and to begin exports of minerals. The mining sector suffers from a lack of up to date knowledge on mineral resources, a poorly coordinated institutional setting, and few incentives for private sector to engage in costly medium scale mining. In addition, small scale miners lack needed skills to add value to mineral products, while electricity disruptions threaten production and safety of miners.

Key Strategies

The main strategies for mining include:

- Strengthen the institutional capacity for Geological Surveys in order to effectively to promote mining, monitoring and enforce environment and safety standards;
- Ensure compliance by small, medium and large scale miners with environmental and safety standards
- Support small scale miners by integrating them in the minerals market and increasing their value added (to include the capacity to process minerals for import substitution)
- Increase investment by private sector companies in medium and large scale mining
- Provide up to date knowledge and geographical mapping on mineral resources.

The Government will work with mining companies to accelerate the geological and mineral data acquisition and dissemination and to strengthen public private partnerships in infrastructure provision for mining areas. Government will continue to provide extension services to small scale miners to learn value added skills and improve the regulation and monitoring of mining to reduce threats to the environment, enforce safety standards, and reduce smuggling.

(c) Integrated Cotton Industry

Goal

The long-term goal is that Malawi will have a vibrant cotton growing and processing industry

Medium-term Expected Outcomes

The medium term outcome for the sector is to increase production of garments made from locally woven cotton cloth as opposed to imported synthetic fabrics. This will require development of a local textile industry to increase the flow of Malawi cotton from growers and ginners, thereby having a positive impact on the cotton sector and opening up textile products for export. Currently the linkages between the cotton sub-sector (production of lint cotton) and textile and garment production (manufacturing) are weak. In addition, there are opportunities for increased volumes of cotton lint export within the region, especially in South Africa and neighboring countries. The industry, regionally and internationally, is highly competitive and changing trade preferences such as AGOA threaten niches for Malawian garment exportation.

Key Strategies

- Production of raw cotton and gining.
- Garment manufacturing for export markets.
- Reduce out of factory costs.
- The Government will focus its efforts on identifying and negotiating trade opportunities at the regional, international and global level. Due to the highly

competitive nature of the industry, the industry will look for opportunities where it has a comparative advantage and not attempt to replicate all steps in the value chain.

4.1.1.2 Manufacturing

Goal

Increase manufacturing output with growing value addition, export development and employment creation

Medium-term Expected Outcomes

The medium term outcome for the sector is to lay the foundation for manufacturing to take off. Currently the manufacturing sector is small, output has stagnated and there is low capacity utilization across all subsectors. Capacity utilization is hindered by high cost of doing business. The food and agro-processing sub-sector accounts for more than 30% of manufacturing output with value addition ranging between 30-35%. Most firms use relatively simple technology and rely on imports for their intermediate inputs. While Malawi enjoys a comparative advantage in the region due to low wages and an increasingly open trading environment, there are many constraints facing the sector. These include difficulties in accessing markets due to low product quality which does not meet international standards and high costs of inputs and imported parts. The industry is also highly dependant on infrastructure and negatively impacted by the discretionary system of taxes, rebates and incentives.

Key Strategies

The government will work with the private sector to establish conditions for manufacturing to take off. The main strategy focus will be on

- improving the quality of products and productivity of both labor and machines.
- enhancing skills through better integration of science and technology into vocational training,
- Enhance the capabilities of Malawi Bureau of Standards and other related bodies to perform their functions.
- developing additional incentives for investment including redefining the roles and responsibilities of support institutions, and working to target infrastructure phasing to the benefit of the manufacturing sector.
- Reduce the cost of doing business by reviewing licences, taxes, etc

The private sector will need to look for ways to strengthen the links with raw materials, especially in the agricultural sector and consider additional processing in the rural areas.

4.1.1.3 Agro-processing of key crops

Goals

The goal is to increase the contribution to economic growth from agro-processing, move up the value chain in key crops, and increase exportation of products.

Medium Term Expected Outcomes

The Malawi economy is predominantly agro-based and processes tobacco, tea, sugar and cotton into intermediate or finished products. Agro-processing which includes food processing was identified in the Malawi Economic Growth Strategy as a high growth potential sector with tobacco, tea, sugar and cotton identified as the key sub sectors. Agro-processing of fruits and vegetables, rice, cassava, macademia, cashew nuts, Irish potatoes and spices has potential for growth, but each of these are currently relatively small.

Therefore the medium term expected outcomes for agro-processing are focused on tea, tobacco, sugar and cotton. In addition to general constraints that face the entire economy such as roads, electricity, macroeconomic stability, low level of vocational skills, agro processing firms face common constraints such as weakness in the marketing and distribution systems for purchasing raw crops, low productivity of smallholders, high import duties on irrigation systems, unrealized opportunities to penetrate South African markets for higher value-added food products, and food insecurity. This section focuses on the specific constraints to the key crops and strategies to address them.

4.1.1.3 Core Sectors of the Malawi Economy

Goal

The overall goal is to achieve sustainable agricultural production and increased incomes for farmers.

(a) Tea

Medium-term Expected Outcomes

The medium term expected outcome is to increase production of tea, especially clonal tea varieties that are competitive in the world market. Tea ranks next to tobacco as a major export earner. The medium term outcome of shifting production to clonal tea varieties reflects the limited prospects for growth from current tea production¹⁰. The constraints include the need for private sector to invest in irrigation, factory refurbishment and replanting when it already faces high costs of operating in Malawi.

Key Strategies

The tea industry will focus on increasing tea estate and smallholder profitability and reinvestment, as well as increasing value added in tea. The current strategies are centered on private sector taking a leading role, while Government focuses on the broader constraints, such as availability of reliable and cheap sources of power (electricity), macroeconomic stabilization, etc. The industry and Government will work together to develop focused investment incentives and other measures to strengthen the industry.

¹⁰ Malawi Economic Growth and Development Strategy

(b) Tobacco

Medium-term Expected Outcomes

The medium term expected outcome is for Malawi to maintain a position of market leader in burley and add value to tobacco. Tobacco is the main export crop accounting for 70 per cent of total export earnings and there is still a world market for tobacco, even given the anti smoking campaigns. However, over the past several years, there has been a decline in average yields and profitability of Malawi's tobacco. The constraints include widespread use of low quality seed, an increased incidence of disease and pests due to inadequate crop rotation, and significant post-harvest losses due to inadequate curing barn infrastructure. The decline in profitability is also due to inefficiencies in the current marketing system for tobacco. Malawi's tobacco industry also faces regional competition and is unable to produce on the similar scale as its neighbours, due to landholdings, and while the neighbours are well endowed with natural resources (such as wood fuel, timber and water).

Key Strategies

- The tobacco industry is well organised and is able to manage implementation of issues in co-operation with Government. The main strategy is to increase production of flue cured, NDF tobaccos by rationalization of fees, creating a more efficient and fair system between farmers and auction houses, strengthening contract farming, and exploring additional markets for tobacco, including tobacco products. Like other agricultural products tobacco is also faced by general constraints in the sector that affect production. A number of common strategies include establishing cooperatives, providing farmers with inputs and better extension services, and irrigation.
- Enhance contracting farming.
- Enhance extension services.

(c) Sugar

Medium-term Expected Outcomes

The medium term expected outcome for sugar is to increase production by 23% (check 23 per cent with NAG). The industry also expects to continue to move up the value chain. For Malawi to compete successfully as an international player in the sugar market, it needs to ensure that its sugar industry is profitable and able to reinvest in growing and processing sugar. For Malawi to improve its competitiveness, control of cost of production is a fundamental issue. Without low cost products, new export markets cannot be accessed and existing markets come under pressure. Poor linkage to ports is a major constraint to moving existing export volumes in accordance with the timetables of overseas customers. Siltation at Beira is at critical levels and already large ships (20,000 tons) cannot fully load at Beira due to draft problems and the sugar industry has to do a double loading involving both Beira and Nacala. This is a real and high level threat to market growth for all agro-processing products. Freight costs to market are Malawi's biggest disadvantage.

Key Strategies

Most of the capital expenses of the industry are covered by the private sector, as the sugar cane mills in Malawi are among the most competitive in the world. The industry is already undertaking efforts to increase smallholder cane supplies. The sugar sector is relatively straightforward to plan and to organize implementation, given the central role of ILLOVO. For Government, work in strategy area 4 (infrastructure) is addressing improved linkages to the ports for water transport and inter modal transport and Government will negotiate concessions to the ports (on lake Malawi) and agree on port standards. In addition, the Government will undertake efforts to increase smallholder productivity, which will also benefit the sugar industry.

4.1.1.4 Agricultural Productivity

Agriculture is the single most important sector of the Malawi economy, contributing about 37 per cent to GDP, employing about 80 per cent of the workforce, and contributing to over 90 per cent of foreign exchange. (*National Accounts*). Agriculture is subdivided into the smallholder and large-scale/estate sub-sectors.

In terms of constraints, Malawi has one of the highest population densities in sub-Saharan Africa impacting the amount of arable land per rural inhabitant. Unlike other densely settled developing countries, high population density has not led to agricultural intensification, but rather to rapid depletion of soil nutrients. Current farming systems are in many cases unsustainable and threaten further environmental degradation. This suggests that agricultural intensification must be the main strategy for increasing agricultural production.

Low and stagnant yields have been influenced by a dependence on rain fed farming which increases vulnerability to weather related shocks and low level of irrigation development, low uptake of improved farm inputs, poor varietal selection and agricultural practices, and post harvest losses due to poor storage and transport. They are also influenced by declining soil fertility, poor land rights, markets, and administration, and an undeveloped livestock sector both in production and productivity with the focus more on disease prevention than on production. Smallholder livestock is characterized by low productivity due to disease, poor nutrition and breeding practices, seasonal lack of feed and the stocking of species with low productive potential.

Low profitability of smallholder agriculture has also been influenced by weak links to markets, market failure, high transport costs, few farmer organizations, poor quality control and lack of information about markets for Malawi's products. The weak links impact negatively on agro-processing and international/regional competitiveness. In addition, due to high risks in agricultural production, and poor access to credit, investment and re-investment has been poor with traditional methods of production still prevalent. This is particularly true for the cotton growing, ginning, textiles and clothing industrial value chains and manufacturing. Finally, the broader constraints in the

enabling environment (eg. high transport costs, limited access to markets) negatively affect profitability and integration of farmers into the economy.

Goals

The goal is to increase the contribution to economic growth from agriculture, increase the profitability of farming, and increase off farm incomes and employment in rural areas evidenced by changes in the sources of household income

Medium Term Expected Outcomes

- (a) to increase the value added to agricultural products by rural farmers and orient smallholder sub-sector to greater commercialization and international competitiveness,
- (b) increase small holder agricultural productivity, increase yields and decrease fluctuations in productivity, including stable food production for smallholders with the most potential, and
- (c) increase livestock production and decrease livestock imports to meet domestic demand.

Key Strategies

Key strategies to achieve the medium term outcomes include:

- Strengthen linkages of farmers to markets by connecting rural communities, targeting rural roads and developing farmer organizations and market knowledge. This includes a balance between a focus on domestic markets and export oriented markets. Because of homogeneity in food habits within the SADC region, and indeed COMESA, quality gains in domestic trade are likely to improve the country's prospects in penetrating and expanding its trade within the region.
- Encourage the expansion and intensification of food staple production by smallholders with most potential through a range of policies. Operational strategies for achieving this increased agricultural productivity are defined in the summary policy framework and include increased land under irrigation and the use of water cropping-water harvesting
- Provide effective extension services, with more decentralized service delivery, for agribusiness skills, increase use of pest resistant varieties and pest management (including regional approaches to pest management),
- Promote soil and water conservation and farming techniques
- Ensure existing land rights, especially customary rights of smallholders are recognized, clarified and secured by appropriate legislation, devolve land administration, and create land tribunals

4.1.1.5 Conserving the natural resource base, increasing productivity and protecting natural resource

Sustained growth requires that Malawi conserve its natural resource base through sustainable use and management of natural resources. This strategy recognizes that sustainable use of natural resources contributes to many of the goals in the MGS. This

includes fisheries, forestry, wildlife and the environment. Thus the goal is to improve management of fish species, forest and wildlife bio diversity and reduce environmental degradation and conserve the natural resource base, while contributing to economic growth. Weak management of natural resources is a considerable problem in Malawi, and is exacerbated by population growth. Environmental degradation in Malawi is driven by poverty, which reduces the ability of the poor to survive, thus creating more pressure on the environment, and encroachment of agricultural and settlement activities on forestry and marginal lands, which lead to further resource degradation and depletion. Land degradation is exacerbated by poor tillage practices, lack of soil conservation and the poor absence of water control and water harvesting/conservation measures.

There are three main areas of focus: fisheries, forestry, and wildlife conservation management.

(a) Fisheries.

Goal

The long-term goal is to maintain fish species and bio-diversity

Medium term expected outcomes

The medium term outcome for fisheries is to ensure sustained fish availability for food and nutrition security as well as income generation (small scale and larger fisheries). Fish from Lake Malawi is a major source of the population's protein requirement, and the industry provides direct and indirect employment. However, this sub sector is characterized by low productivity, declines in fishery levels due to over exploitation, poor pre and post harvest handling by communities, and poor enforcement of legislation and preservation of fish stocks.

Key Strategies

- Increasing and sustaining the productivity of small and large scale fisheries for both domestic and export markets. In order to achieve this the following actions will be pursued among others.
 - Enforcing legislation to ensure sustainable production of fish.
 - Promoting the use of modern techniques of fishing.
 - Capacity building through community training and
 - development of small scale fish farming and deep water fishing.

(b) Forestry.

Goal

The long-term goal is to Reduce environmental degradation.

Medium term expected outcomes

The medium term outcome for forestry is to ensure sustainable use and management of forestry resources. Currently there is a high rate of deforestation and uncoordinated management of forestry resources resulting in a lack of policy coherence. The

denudation of forest cover accelerates soil erosion and also erodes natural resource based livelihood dependent on gathering indigenous fruits, mushrooms and indeed sustaining sources of water, fuel wood and herbal medicines. Forest denudation is also caused by the high dependence on wood as a source of household energy, limited skilled manpower, and a few monopolistic industrial producers dependant on public forests for raw materials with declining investment in industrial forest plantations. Natural wood, like land, has historically been taken as a free resource. This attitude is rapidly changing due to increasing population pressure and the visible and felt reduction and restriction in access to once easily accessed resources. However, the cumulated historical abuse has had major negative impacts on soil, river flows, the quality of the physical environment and commercial activities which would be based on natural resources (artifacts, tourism etc.).

Key Strategies

- Improving productivity and value added by the industrial forestry sector, while balancing it with sustainable practices
- Increasing reforestation efforts for key areas.
- improving enforcement of regulations for forestry management.
- Initiation of reforestation and environmental rehabilitation programmes in priority areas of Malawi.
- Introduce incentives for private sector participation in forestry.

(c) Environmental Protection.

Goal

The long-term goal is to conserve natural resource base through sustainable use and management of natural resources and the environment.

Expected medium term outcomes

The medium term outcome for environmental protection focuses on improving compliance with environment and natural resource management laws. The main constraints to improved compliance include weak enforcement capacity, few economic incentives for compliance, and conflicting service delivery in management of natural resources. In addition, there is very limited environmental awareness in Malawi.

Key Strategies

The medium term strategy will focus on

- Improving enforcement of environmental policies and legislation
- Improving cooperation in environmental management and NRM and development
- Raising awareness of issues of protecting the environment
- Efforts will also focus on incorporation of environmental concerns in school curricula, establishment of an environmental management information system, and public awareness campaigns.

(d) Wildlife

Goal

Conserve and manage protected areas and wildlife

Medium-term expected outcomes

The medium term outcome for the wildlife sector is to conserve, manage and develop wildlife resources to effectively contribute towards sustainable development of biodiversity and the tourism industry in Malawi. Since, Wildlife forms a big percentage of tourism and government is considering elevating the status of tourism to a major foreign exchange earner i.e. replacing tobacco, it is important to consider the development and management of protected areas to elevate their status and be able to compete at regional and international levels.

Key strategies

- Enforce wildlife law
- Improve protected area infrastructure
- Eradicate tsetse flies in Protected areas
- Improve capacity and institutional building for CM
- Improve capacity for problem animal control (PAC)
- Improve Eco-tourism in protected areas
- Improve wildlife research and monitoring capacity

4.1.1 Sub Theme Two: ENABLING ENVIRONMENT FOR PRIVATE SECTOR LED GROWTH

The private sector is the recognized engine for growth and wealth creation. In Malawi, however, the private sector is not well developed, the non-farm private sector is fairly limited in scope and its contribution to economic activity. Investment and savings rates in Malawi are low, with private investment rates falling from about 14 percent of GDP in the early 1990s to about 10 percent in this decade, with private investment being only about 3 percent of GDP. This low level of investment impacts the ability of the economy to diversify and increase exports. This is due to macroeconomic and social instability (the latter largely due to AIDS and food insecurity), high costs of transport in a land-locked country, and supply-side issues in a number of industries which reduce profitability.

The participation of private investors in the economy has also remained limited due to the dominance of large a few private sector companies, poor investor confidence, and the small size of the domestic market. The Malawi Investment Promotion Agency (MIPA) was established in order improve the private sector environment of promoting, attracting and facilitating private investment in Malawi. There are also active private sector business groups that are increasingly collaborating with Government and helping to identify and address the needs for private sector growth.

4.1.2.1 Enabling Environment for Private Sector Led growth.

Goals

The goal is for Malawi to achieve increasing growth and diversification of business products and economic sectors while increasing the level of foreign and domestic investment and profitable enterprises.

Medium Term Expected Outcomes

It is expected that in the medium term, there will be (a) an increase in the number of firms that are producing goods that are competitive in regional and international markets, in terms of both product quality and price, and (b) that the number of Malawian firms which are contributing to exports (or export direct) will increase as will the supply of goods for the domestic market.

The private sector is constrained by a range of domestic and international factors highlighted by numerous studies which are articulated in the Malawi Economic Growth Strategy. The *most severe constraint* is the deterioration of Malawi's infrastructure and the resulting low and unreliable service coverage. Recent research from Ministry of Transport and Public Works estimates that for Malawian exports, 58% of the costs of production are taken up by transportation costs (applied throughout the value chain)¹¹. Regular power supply, availability of water and sanitation services, good transportation and good port facilities, efficient telecommunications and infrastructure are necessary to kick start and complement public and private initiative in production and commerce. A 2004 survey of private setor showed that access to financing, inadequate infrastructure and tax rates were the most significant constraints¹². This is coupled with stable macro-economic enironment (chapter 10) creates private sector confidence in the economy and the government.

There is also a significant shortage of skilled workers able to supply the private sector with a workforce. The educational system is not producing enough graduates to meet current and future economic needs, the available training is inappropriate for business needs, and there are an insufficient facilities for vocational training opportunities (including science and technology). This is further compounded by productivity losses from illnesses (malaria, HIV-Aids) and issues of occupational safety.

The vast majority of Malawian businesses are unable to access finance for investment. The financial sector is constrained by low levels of domestic savings due in part to lack of savings culture among Malawians, volatile interest rates, and a limited market. High interest rates further discourage firms to enter export markets. This is especially true for smaller business enterprises which have difficulties access financing and are unable to use assets (such as land) for collateral due to the present inadequate land rights and management. This is compounded by inadequate information on business opportunities.

¹¹ Data from Strategic Planning Presentation, Ministry of Transport and Public Works, January 2005

¹² World Economic Forum Executive Opinion Survey 2004

Additional constraints which are important for the enabling environment include, (a) increases in personal tax and other tax considerations, and non compliance of many businesses with tax; (b) cumbersome procedures and policy reversals with mutual suspicion between government and private sector that hinders the ability of the two to fully appreciate their interdependence. Not all policies are pro-business and poor policy implementation (or reversals) damages investment and trade; (c) poor information on opportunities, and an incentive system that either favors some companies over others or does not guarantee incentives once granted and (d) the growing level of insecurity and theft

Key Strategies.

The task of improving the investment climate is daunting and there have been many different prescriptions on where to start and how to progress. The following summarize the key strategies to be undertaken to put in place an enabling environment:

- Address the infrastructure constraints – especially access to reliable and seasonally priced electricity, water and improved inter-modal transport to regional and domestic markets through direct investment, privatization, and public/private partnerships.
- Ensure sustained macro-economic stability.
- Improve vocational training through the current educational system, focusing on improving the TEVET system and updating equipment to meet international certification standards.
- Implement tax reforms,
- Improve coordination for domestic and international investors to resolve problems that they face and to access information.

For small and medium scale enterprises, specific strategies will need to be developed, including

- Improving micro-finance schemes and programmes.
- Secure land registration and the functioning of land markets.
- Ensure Malawians have opportunities for jobs, especially in rural areas.

Finally, related strategies in health will be coupled with efforts to improve occupational safety and labor protection.

Implementation.

There are many agencies, both public and private, necessary for the economy to take off. The government will work with MIPA, MCCI, NAG and other representative organizations to help align policies and programs to address the needs of the private sector. Mechanisms for public private partnerships will need to be strengthened. Government will focus on public private partnerships not only for the provision of infrastructure, but also for continuous monitoring of the private sector environment to determine solutions that will work for the benefit of Malawi.

4.1.3 Sub Theme Three: FOOD SECURITY

Prior to independence Malawi was self-reliant in food production-producing beyond the national requirements and exporting to neighbouring countries. However this trend has been seriously reversed resulting in Malawi becoming a net importer of most agricultural produce, especially maize-the staple and livestock products. Malawi continues to suffer from chronic food insecurity with many of the problems being structural and economic in nature. Food security entails ensuring adequate supplies of food in the market (national food security) and creating incomes for Malawians to purchase food, and entitlements for those poor who have lost a part of their incomes during a period of food shortage (household food security). Clearly a major reason behind the chronic food shortages and periodic food emergencies is that the aggregate food production in Malawi has not kept pace with population while economic growth has been slow. In addition, past food security policies¹³ have not been effective with aggregate food production and productivity stagnating, maize markets not efficiently delivering available maize to the poor at reasonable prices; and government's entitlement programs for the poor have been unsuccessful and with large fiscal costs. Consequently, not only has Malawi experienced chronic food shortages but also has faced famine-like conditions as recently as 1998 and 2002, with widespread hunger and malnutrition.

Goals

The goal of food security is to make Malawi a hunger free nation and to contribute to economic growth by freeing resources otherwise used for food security for participation in the economy for instance individual subsistence farming, Government entitlement programs, emergency food aid.

Medium Term Expected Outcomes

The medium term expected outcome is that food will be available for all Malawians in sufficient quantities and qualities, at affordable prices. This is coupled with a medium term expected outcome that all Malawians will have at all times physical and economic access to sufficient nutritious foods required to lead a health and active life.

Malawi faces several constraints to achieving food security. These include:

- *Food availability:* low levels of agricultural productivity which impacts negatively the supply of food. This is coupled with ecological constraints and limited arable land making Malawi dependant on food from other countries.
- *Poorly functioning maize markets* including weak private sector engagement in the maize trade with only a few large companies participating. These inherent

¹³ The government's food security policy through most of the 1990s has had two primary objectives: (i) ensuring a minimum of 1.8 to 2.0 million metric tons of domestic maize production' and (ii) avoiding sharp increases in the maize price to consumers, especially during the lean season of November to March. The main instrument used to achieve the first objective has been the widespread promotion of hybrid maize and inorganic fertilizer packages through preferential or free distribution of seeds and Urea. To achieve the second objective, the government relied on ADMARC to domestically buy maize at the time of harvest or import it and sell it during the rest of the year at (affordable) pan-territorial prices. Beginning in 1999/2000 pan-territorial prices were abolished, and the National Food Reserve Agency (NFRA) was created to manage the country's strategic grain reserve (SGR).'

problems are exacerbated by unpredictable interventions by the government in the past, by setting prices and buying and selling grain financed by budgetary subsidies.

- *Poor infrastructure connectivity* between urban and rural areas and between rural areas themselves within Malawi hampers the distribution of food while poor regional linkages hamper the movement of food supplies through neighboring countries.
- *Low cash income levels* do not enable Malawian's to purchase food. In terms of Malawian's ability to have sufficient nutritious foods, the main constraints include few income generating opportunities, especially in rural areas and poor coordination among the many agencies concerned with the production and supply of nutritious food to the population.

These conditions aggravate minor food insecurity problems into significant catastrophes as the system fails to respond and cope with emergency requirements in time to prevent malnutrition or even starvation. Current coordination systems for early warning on potential food shortages are good, however, these are outside of Government monitoring and evaluation systems and therefore may not be sustainable.

Key Strategies.

Ensuring food security is one of the highest priorities for the Government. The strategic focus of the Government will be to move from having an emergency response to acute crises to having a system that can address chronic food problems. This will entail action on five fronts:

- Improving agricultural productivity, livestock, fisheries and increase the variety of food available at the household, community and national levels.
- Implementing policies to improve the functioning of the maize markets
- Improving the ability to import and distribute food through better domestic and regional connectivity and access to food from external markets.
- Providing Malawian's with means to gain income, put in place effective safety net programs with improved targeting (section 7) and implement a nutrition strategy.
- Improving the coordination and management of food aid and food aid imports.

Implementation.

In the area of food security it is vital that the many actors involved within government, within the donor community and private sector, work together to address the many challenges. Poor coordination has hampered food security in the past. In addition, a review of targeting of safety nets and food security programs will shed light on the most appropriate policies for Government in food security. The Government will implement policies that do not distort the market and which do not create a dependency on the Government for food aid.

4.1.4 Sub Theme Four: REGIONAL INTEGRATION

Goal

The goal is to effectively integrate Malawi into regional and international markets and to turn Malawi from a net importing country to a net exporting country.

Medium Term Expected Outcomes

The medium term outcome is to increase the number of firms that are producing products that are competitive in regional and international markets. The focus of this strategy area is on specific issues dealing with regional integration, as opposed to broader supply side constraints for an overall enabling environment such as skills development, etc which is addressed in (4.1.2). Malawi is signatory to a number of regional and international agreements with SADC region a large and close market for Malawi's products. However, the bulk of products currently are directed to developed economies.¹⁴

A main constraint to regional integration and trade is the poor external infrastructure and reliance of neighboring countries, due to the land-locked nature of Malawi. The Ministry of Trade and Private Sector notes that while the least cost route for exports is Nacala, the lack of reliability of this route results in firms in most of the trade sectors using higher cost routes, impacting competitiveness. There are still constraints in the quality of the Mozambique rail line and several limitations at the port of Nacala. Finally, the lack of direct flights to Europe seriously undermines the potential for both tourism and the exportation of high value fresh agriculture produce and horticulture. In addition, most exporters still experience delays in processing documentation at the border and lack of harmonization of border practices further increases the cost of border crossing.

In terms of trade support organizations, most are unable to achieve cost recovery on service provision, relying instead on Government and donor support. This is coupled with inadequate trade and commercial intelligence and limited capacity of trade attachees. Competitiveness regionally and internationally varies by sector. .

Key Strategies.

- Reduce cost of reaching external markets due to infrastructure by focusing on linkages to Mozambique, the Shire Zambezi waterway, and reduced restrictions on air transport.
 - Reduce lead times on export and improved efficiency by improving the efficiency of customs, harmonizing border crossing with neighbors,
 - Improve marketability of products to international markets by improving certification (coupled with efforts under the enabling environment) and developing science and technology
 - Improve trade network and information for firms for export
- Maximize the benefits of trade through better knowledge.

¹⁴ Ministry of Trade and Private Sector Development, September 2005

4.1.5 Sub Theme Five: ECONOMIC EMPOWERMENT

Malawi's experience with economic empowerment programmes can be traced to the early 1960s. Despite the various initiatives by government, donors, and NGOs, most Malawians are still involved in low-return, small-scale enterprises. The large-scale, high-value businesses are owned by either foreigners or a minority of Malawians. Situational analysis as part of development of the National Economic Empowerment Policy shows that disempowerment is caused by a number of factors and manifests itself in the inability by the majority of citizens in Malawi to control their economic destiny. Disempowerment affects citizens depending on their race, gender, age, location and economic disposition.

The rural communities are most affected by the lack of facilities and infrastructure supporting the development of businesses. With over 85 per cent percent of the Malawi population living in the rural areas, there is need to specifically target the rural communities if a significant impact in empowering Malawians is to be made. This will require that private investment in these areas is fostered and the culture of hand-outs and political patronage to rural communities curtailed. In addition, despite the past efforts, women in Malawi remain marginalized compared to men.

Women are likely to have less access to education, credit, land, and property than men. In addition, women have less access to employment opportunities, in the public and private sectors. They also may not have equal access to technology and other key market information to support their business activities. The unemployment situation among the youth has worsened over the last 20 years. Increasingly the youth are completing their education with very little prospect of securing a job, or engaging in entrepreneurial activities. Due to lack of experience, very few employers are willing to recruit and train them on the job.

Finally, people with disabilities are usually the most affected in terms of access to assets and other facilities required to become economically empowered. They experience difficulties accessing financial services and capital, skills development programmes, and technology developments. They are also the most affected by poor infrastructure such as roads, communication, and buildings not designed to accommodate or meet their special needs.

A coherent and integrated approach is needed to contribute in solving the various causes of disempowerment, which exist in different sections of the poor and disadvantaged in Malawi.

Goal

The goal for economic empowerment is to create new wealth for all people of Malawi leading to poverty reduction and the establishment of a middle class in Malawi.

Medium Term Expected Outcomes

The medium term expected outcome is to increase the productivity of rural communities and businesses, employment and income, increase the number of women and youth who are actively participating in public and private sectors and to ensure that the urban poor are able to contribute to the economy.

Despite the various economic empowerment initiatives that Malawi has undertaken so far, many challenges remain that hinder Malawians from exploiting their full potential to participate in wealth creation. These include weak linkages to markets and few incentives for rural communities to organize for productivity, limited access to micro-credit for most Malawians and high default rates that contributes to limited access, lack of business advisory services or training opportunities, and an increasing number of people are moving into the cities. Of these stakeholders perceive problems in accessing finance as the most important constraint to economic empowerment. Three types of problems have been identified in relation to access to finance.

Key Strategies.

Government will seek to improve the integration of rural communities, women, youth and disabled into the economy in the following ways:

- Targeting infrastructure development to ensure that rural roads link rural communities to markets.
- Developing rural cooperatives to lower transaction costs of dealing with rural entrepreneurs and helping communities with collective bargaining. This will be through targeted programs for rural areas complemented by current programs undertaken by agro-processing companies.
- Strengthening the policy environment for micro-finance, including improved coordination of donor programs to decrease market distortions. This will focus on providing innovative credit schemes and developing a network of practitioners while enhancing mechanisms to decrease the default rate.
- Offering vocational training and other training for small businesses.
- Targeting women and their participation in growth through business programs.

Implementation.

Economic empowerment has many facets, and therefore requires a multi-pronged approach. This requires proper coordination to avoid overlaps and conflicts. Indeed, while many economic empowerment initiatives exist in Malawi, there is no overall coordinating institution. Many policies have not been implemented because there has been no specialised institution to take the full responsibility and authority action. To be effective, proper coordination, management, monitoring and evaluation of all economic empowerment initiatives are needed.

4.2 THEME TWO: SOCIAL PROTECTION AND DISASTER MANAGEMENT

While efforts are being made to achieve sustainable economic growth and development as well as promoting social development among Malawians, deliberate measures aimed at improving the quality of life of the most vulnerable, who may not be able to take advantage of the benefits from growth, have to be put in place. It also is necessary to protect those who are not chronically vulnerable, but fall into vulnerability due to economic shocks. The recent poverty and vulnerability study noted that 95% of households surveyed reported at least one economic shock in the past five years, with most households experiencing more than one type of shock. Coupled with the findings that there was a 30% fluctuation in poverty between 1998 and 2005, the need to have programs that keep the non poor from falling into poverty is essential.¹⁵ Recent analysis suggests that small increases in expenditure growth can move people out of poverty, while economic shocks can quickly push people into poverty. Thus, social protection strategies should include measures to (a) decrease the risk of shocks and strengthen resilience to shocks (such as those identified in food security and economic empowerment) and (b) protect those who become vulnerable through safety net programs¹⁶.

There also have to be measures to protect the most vulnerable groups like the elderly, the chronically sick, orphans and other vulnerable children, malnourished children, lactating mothers and destitute families. Special groups of persons with disabilities¹⁷ are also included in this category. These groups of people are vulnerable to risk and typically lack appropriate risk management instruments, which constrains them from engaging in higher return activities to enable them move out of chronic poverty. Populations affected by disasters also qualify for social protection since disasters affect the livelihoods and social economic asserts of affected groups. Social protection and disaster management are therefore necessary as they restore peoples' capacity to attain prosperity, create wealth and contribute to economic growth and development.

Table 4.2 Social Protection and Disaster Management

Sub Theme	Long Term Goals	Medium Term Expected Outcomes
Protecting the Vulnerable	Improvements in the socio-economic indicators of the most vulnerable	The most vulnerable with limited factors of production are sufficiently cared for as are the vulnerable who can be negatively impacted by economic shocks
Disaster Management	Risk Reduction in the socioeconomic impact of disasters.	The impact of disasters on the vulnerable is reduced

¹⁵ IHS2 data showed that 30% of the poor moved out of poverty during the period while 30% of the non poor moved into poverty – thus not impacting the overall percentage of poor.

¹⁶ Vulnerability to risks, food security and social protection in Malawi, Preliminary results of the poverty and vulnerability assessment, workshop, Lilongwe December 7-8, 2005

¹⁷ The group "persons with disabilities" refers to persons with disabilities that are unable to create their own income and wealth.

Social protection is particularly important because it ensures that the vulnerable, who may be on the periphery of economic activity and thereby not benefit from growth, are well protected. Three main areas of focus have been outlined. First is the sub theme on empowering farmers and rural communities by improving their integration into the economic market, their productivity and contribution to economic growth. Secondly, the focus has been on the most vulnerable who may not be able to enjoy the benefits of growth and therefore there will be need to have plans in place for their protection. Lastly, focus has been on disaster management especially the scaling up of efforts to strengthen capacity for response. More importantly, there will be need to ensure that social protection programmes are formulated as a spring board for the poor and they should provide them with the capacity to bounce out of vulnerability and engage in productive work.

4.2.1 Sub Theme One: PROTECTING THE VULNERABLE

Vulnerability can be defined as the likelihood of being harmed by unforeseen events, or as susceptibility to exogenous shocks. The most vulnerable are broadly defined to include individuals or households affected by disasters; households headed by orphaned children, elderly and single-parents (especially female headed); persons with disabilities; under-five children, lactating and pregnant mothers; orphans in streets, orphanages, foster homes and extended family member households; the unemployed and under-employed in urban areas and the land constrained in rural areas. It is noted, however, that this general categorisation does not mean that all people or households falling under these categories are the most vulnerable. The determining factor is their inability to meet their basic needs and on the basis of poverty characteristics.

Poor farmers and rural communities continue to face dwindling income levels due to a multiplicity of factors that have rendered them helpless and in dire need of social protection measures specifically targeted to allow these groups graduate out of vulnerability. These groups have been pushed to the periphery of socio-economic engagements as they have been reduced to mere bystanders in economic empowerment processes. Low incomes and inaccessibility of agricultural inputs have prevented poor farmers from increasing their productivity and therefore their incomes. Up to 81 percent of the poorest 10 percent of households have landholdings of less than 0.5 hectare and most of their income is generated from non-agricultural activities, mainly piecework (*ganyu*)¹⁸.

Currently efforts to protect the most vulnerable have faced many problems. Most of the past market-based policies and interventions have been inefficient, fiscally unsustainable and mostly benefiting the non-poor than the disadvantaged or the core poor. Consequently, all the market-based policies of social protection were abolished under the economic reforms. The administered programs are fragmented, uncoordinated and are

¹⁸ 1998 Integrated Household Survey (I H S).

poorly targeted. On the other hand, direct assistance and social welfare transfers are small in size and limited in coverage, largely due to financial constraints. The informal safety nets, likewise, have become over-stretched and vulnerable to shocks due to increased poverty and the HIV/AIDS scourge.

Key challenges and constraints facing the poor farmers and marginalised rural communities include poor targeting mechanisms of programs, high cost of agricultural inputs and low prices of agricultural produce. This is compounded by the fact that there are limited resources for purchase of agricultural inputs. Other constraints include large numbers of uncoordinated programs which hinder effectiveness and restrict growth opportunities. The culture of handouts mainly perpetrated by unnecessary political patronage has reversed gains of empowerment of the poor farmers and rural communities as they have proved to be wasteful and highly unsustainable.

In addition to these, several key challenges and constraints have made it difficult to improve the quality of life of the most vulnerable. These include clear lack of focus in implementing cost-effective interventions especially the area of preventing and reducing the high prevalence of stunting and wasting in young children less than two years of age. Inadequate planning and lack of integration regarding data on the country's development and growth strategies on the one hand and the risks and obstacles to these strategies on the other hand, posed by structural weaknesses and fluctuating resource needs for the chronically poor. Poor targeting has also been a constraint mainly due to insufficient data regarding the characteristics, location, challenges and needs of the vulnerable. Other constraints include inadequate knowledge regarding processes, transfer mechanisms, power dynamics, and incentive structures of target communities; poor donor and stakeholder coordination in the design and delivery of programs, and this also touches on lack of coordination of social protection programs in general.

Goals

The long-term goal under this sub theme is to improve the socio-economic indicators for the most vulnerable. This is designed to ensure that the most vulnerable with limited factors of production are sufficiently cushioned. This encompasses the expectation for improved health and nutritional status of under five children, school age children, orphans, pregnant and lactating mothers as well as destitute families. To address the challenges and constraints outlined, the goal has been designed to decrease income inequality.

Medium Term Expected Outcomes

The expected medium-term outcome of increased assets of the poor to enable them meaningfully engage in sustainable growth and contribute to poverty reduction. The aim is to enable the affected groups to bounce out of vulnerability and resume productive and gainful farm and non-farm activities.

Key Strategies

In order to realize the goals and expected outcomes as outlined above, there is need to undertake the following strategies which complement efforts for economic empowerment and social development:-

- Focus on providing efficient and effective support to the most vulnerable with very limited factors of production. This requires that social protection programs be formulated in such a way that they provide a type of investment in human capital formation by helping the vulnerable to keep access to basic social services. Specific actions under this strategy include provision of supplementary feeding to malnourished, pregnant and lactating mothers; provision of therapeutic feeding to severely malnourished under-five children; sustained targeted school feeding programmes to the most vulnerable. In addition, there shall be expansion of small stock and grain mills programme; introduction of conditional and non-conditional cash transfers; support to the vulnerable with food and non-food items and provision of nutritious foods and home based care kits.

- Improve planning and integration of knowledge on the needs of the chronically poor. This entails practicing better prioritization, design, delivery, monitoring and evaluation of social protection and safety net program. At the heart of these strategies shall also be the formulation of social protection policy so that social protection is institutionalised and provides proper policy guidance. Provision of opportunities for the poor farmers and rural communities to graduate from poverty by facilitating their integration in mainstream agricultural productivity and enabling them to accumulate wealth. Specifically, there shall be provision of subsidized agricultural inputs to poor farm families; undertake Public Works Programme (PWP) that creates high income earning opportunities enough for them to graduate out of vulnerability. These shall be coupled with non-traditional PWP interventions. Other actions include the promotion of a savings culture in PWPs; and provision of capital for income generating activities.

4.2.2 Sub Theme Three: IMPROVING DISASTER RISK MANAGEMENT

Malawi is frequently affected by natural disasters and calamities. Apart from disasters that hit traditional disaster areas like the Lower Shire, acute food shortages are also unveiling themselves as the worst form of humanitarian crisis in Malawi. Lakeshore areas are also prone to severe flooding during years of heavy rains as was the case in 2001 when 15 out of the 28 districts were hit by floods. Hailstorms also destroy crops, livestock, and other infrastructure thereby reducing productivity and removing the sources of livelihoods.

It is therefore important to harness wealth creation and poverty reduction by putting in place adequate disaster *risk* management measures that go beyond emergency response to

preparedness, prevention and mitigation as well as rehabilitation and reconstruction. Nevertheless, disaster *risk* management efforts do face a number of challenges and constraints among which are *inadequate funding*, poor response to disasters and lack of an *effective* early warning system.

Goal

The long-term goal is the reduction in the socio-economic impact of disasters as well as building a strong disaster management mechanism.

Medium Term Expected Outcome

This has been designed to achieve the outcome of reduced impact of disasters on the vulnerable.

Key Strategies

To ensure that the set goals and expected outcomes are realized, the following strategy will be implemented:-

- Enhancing disaster risk management,
- Develop and strengthen institutions responsible for disaster risk management,
- Institute necessary disaster risk management mechanisms
- Implement mitigation measures in disaster prone areas.
- Integrate disaster risk management into sustainable development planning at all levels.
- Develop and strengthen coordination of institutions in disaster management and relief services.
- Establish an early warning system for Malawi,;
- Timely provision of emergency relief assistance to affected populations while measures shall be instituted aimed at improving mitigation and rehabilitation of areas affected by disasters.

4.2.3 Implementation

For all the strategies outlined in this chapter to be properly implemented, there is need for concerted efforts by the government, civil society, the private sector and the countries cooperating partners to work together in ensuring the protection of the vulnerable and the reduction of disaster impacts. In addition, each needs to work diligently on its responsibilities as outlined in the matrix to ensure proper complementarity of efforts.

4.3 THEME THREE: SOCIAL DEVELOPMENT

A healthy and educated population is necessary to achieve sustainable economic growth. By building a healthy and educated population as well as achieving economic growth, Malawi seeks to achieve and sustain Millennium Development Goals as localized to the Malawian context. Major economic sectors of agriculture and industry require an educated, skilled and healthy workforce to take on new challenges and achieve the goals of sectors. The Strategy recognizes interrelated nature of issues such as education, health, HIV/AIDS, nutrition and gender. These issues, therefore have to be dealt with in a balanced manner, without neglecting any one of them if Malawi is to achieve economic growth and development. It is in this context that this Strategy proposes to address these issues in a coherent manner under one theme of social development. The overall goal of this theme is to develop human capital for full participation in the socio-economic and political development of the country.

Table 4.3: Summary of theme 3; Social Development

Theme: Social Development		
Sub-theme	Goals	Medium Term Expected Outcomes
Health	<ul style="list-style-type: none"> • Increase life expectancy • Decrease maternal mortality rates • Decrease child morbidity and mortality including deaths due to diarrhea especially in children under 5 years of age • Reverse the declining trend in life expectancy. 	<ul style="list-style-type: none"> • People have better access and use of qualified care for essential health care issues (TB, Malaria, etc.)¹⁹ • Decreased cases of preventable diseases (malaria, TB) • Improved use of ORT for diarrhoea control • Modern contraceptive use • ARV treatment regime are followed . • Increased vaccination rates • --Increase life expectancy at birth from 40 to 45 years.
HIV and AIDS	<ul style="list-style-type: none"> • To prevent the spread of HIV infection among Malawians, provide access to treatment for PLHA and mitigate the health, socio-economic and psychosocial impact of HIV/AIDS on individuals, families, communities and the nation 	<ul style="list-style-type: none"> • Spread of HIV in general population and in high risk sub groups reduced • Knowledge of HIV and AIDS prevention increased • Safer sex practices among high-risk groups and in high-risk settings promoted • Access by all Malawians to HIV testing and counseling services is equitable • Quality services for prevention of mother to child transmission (PMTCT) of HIV expanded • Risk of HIV transmission through blood, blood products or invasive procedures prevented

¹⁹ To achieve the medium term expected outcome the 6 areas in column 4 are necessary. The matrix reflects the Health Sector Support Program (sector wide approach - SWAp)

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		<ul style="list-style-type: none"> • Access to quality STI syndromic management, counseling and information increased • Capacity for the health delivery system to provide equitable access to ARVs and drugs for management of HIV-related infections improved • Access to high quality CHBC increased • Expanded programs and interventions for nutritional support and education for vulnerable PLHA within their communities • Economic and psychosocial effects of HIV/AIDS mitigated and the quality of life of PLHA, OVC, widows, widowers and the elderly affected by the epidemic improved
Nutrition	<ul style="list-style-type: none"> • Active healthy life with reduced burden of diet-related, illness, deaths and disability among men, women, boys and girls living in Malawi 	<ul style="list-style-type: none"> • Effective utilization of food that encompasses the quality of the food allocated for consumption and the biological utilization of nutrients in the body • Information is used in decision making on policies and program interventions and policies are well coordinated across the various ministries
Education	<ul style="list-style-type: none"> • Primary: To equip students with basic know and skills to enable them to function as competent and productive citizens in a free society ledge 	<ul style="list-style-type: none"> • Reduced absenteeism, increased net enrolment, reduced dropout among girls and boys • Improved learning outcomes • <u>Retain girls to complete the primary cycle</u>
	<ul style="list-style-type: none"> • Secondary: To provide the academic basis for gainful employment in the informal, private and public 	<ul style="list-style-type: none"> • Reduced absenteeism, increased net enrolment, reduced dropout among girls and boys • Improved learning outcomes • <u>Retain girls to complete the primary cycle</u>
	<ul style="list-style-type: none"> • Tertiary: Provide high quality professional in all fields 	<ul style="list-style-type: none"> • Increase undergraduate enrolment including females, increase post graduate enrolment ratio • Improve curriculum to respond to national needs
Gender	<ul style="list-style-type: none"> • Contribution to socio-economic indicators and economic growth 	<ul style="list-style-type: none"> • Enhance participation of women and men, girls and boys • Reduce gender inequalities (as measured by disaggregated access to services included in other parts of the strategy).

The strategy recognizes the negative impact of HIV and AIDS, disease and low levels of quality education on labor productivity, the capacity of the public sector to respond to the needs of the people of Malawi, and quality of life. Government will continue to invest in the social sectors especially in health, education and HIV and AIDS interventions. The Government will work to improve efficiency in the implementation of projects and programmes in the sector, and service delivery.

Multi-sector linkages are shown in other sections of this strategy, especially in the matrices included in Volume 2. For costing and implementation, the specific sector strategies for health, HIV and AIDS and education were used and summarized herein. Gender issues are cross cutting other sections (such as women's access to micro-finance

in Theme 1, sub theme 5) while many of the strategies under nutrition are already covered in theme 1.

Human capital is a very key factor in development. There is a positive correlation between quality of human capital and level of development. Countries with high quality of human capital are well developed whereas nations with poor human capital are underdeveloped. Social development, therefore, centres on improving human capital. Sub-themes of Social Development are very interlinked as such implementation of strategies and actions needs to be carefully balanced.

Sub Theme One: HEALTH

The critical role played by the health sector in the development of a country cannot be over-emphasized. A healthy population is not only essential but also a pre-requisite for economic growth and development. There is a very close and strong correlation between health status and level of development. That is, countries with good health are highly developed, whereas on the other hand, nations with poor health are underdeveloped.

Malawi's health situation based on the health indicators such as maternal mortality rate, child mortality rate, child and maternal malnutrition, life expectancy, access to health facilities is very unsatisfactory. While some achievements have been made after implementing a number of actions, some of the health indicators are worst in the world. For instance, for every 100,000 live births, 1,120 mothers die due to limited access to quality reproductive and health services, infant mortality and child mortality are estimated at 76 and 133, respectively per 1000 live births due to limited access to health services and malnutrition. Though Government is making efforts to bring about improved health, it faces a number of challenges. Inadequate health personnel is a very critical constraint. In Malawi, inadequate health personnel has been caused by high attrition due to deaths (HIV/AIDS, Tuberculosis, Malaria, acute respiratory infections, etc) and migration to other countries in search of better working conditions. Recent assessments have shown that there are more than 100,000 people per physician. There is inadequate supply of essential drugs due to budgetary constraints, which is compounded by pilferage. In general, the health infrastructures or facilities (buildings, equipment, water and electricity) are very poor in quantity and quality.

HIV/AIDS is a big challenge in attaining a healthy nation and seriously affects development efforts in all sectors. The high prevalence of HIV/AIDS has seriously affected the healthy services delivery systems, subsequently the health status of the country's population. Detailed situation analysis on HIV/AIDS and measures currently in place to contain the scourge and challenges being faced are presented in the subsequent section on HIV/AIDS.

Goal

The overall goal of this sub-theme is to increase life expectancy and improve health outcomes in a sustainable manner. This includes achieving targets for the Millennium Development Goals – maternal mortality, infant / child mortality, malaria and TB.

Medium-term Expected Outcomes

In the medium term, the focus of the strategy will be on providing essential health care, especially in the rural areas, to increase the percentage of the population with access to quality health care services. Additional medium term outcomes include strengthening central hospitals and reducing occupational hazards and diseases.

It is also expected that life expectancy at birth shall increase from 40 years to 45 years. Population growth rate is also expected to decline from its current levels due to improved health family planning services.

Key Strategies

Improving health requires a multifaceted or integrated approach with a combination of preventive, educational and clinical measures. By bringing these together, the costs of interventions can be minimized—and their effectiveness maximized. Thus the strategy seeks such integration. The following will constitute key strategies to be pursued in the health sector to achieve the aforementioned goals and outcomes.

- Increase the number of health workers that are qualified and retained in health care facilities through a targeted program of “salary top ups” for health care workers and improving working environment for health personnel.
- Increase the availability and decrease theft of drug supply (quantities and quality) to clinics and communities including ARVs, bednets, vaccines)
- Improve health facilities (through targeted facilities infrastructure (roads, water, health buildings, water, communication and medical equipment);
- Improved equipment at health care facilities, especially maternity services
- Improve financial management, monitoring and supervision of health care facilities.
- Provide comprehensive health services package that include treatment of diseases and infections, awareness programmes and education through Govt and private hospitals.

These strategies to successfully achieve the intended goals and expected outcomes will, to a greater extent, rely on what happens in other sectors like production of food in agriculture, disease treatment and prevention in the health sector, relevant curriculum in the education sector and reduction of gender inequality. These targeted programs under the health sector support program will be complemented by educational efforts to improve nutrition, food production, and general improvements in infrastructure in rural areas. The Government will work with partners in the donor community, NGOs, and at the village level to leverage the resources devoted to the improvement in health related goals

4.3.3 Sub Theme Two: PREVENT THE SPREAD OF AND NEGATIVE CONSEQUENCES OF HIV AND AIDS

HIV and AIDS is a socio, cultural, economic, development and health issue which has brought havoc to all sectors of the economy in Malawi and other developing countries. It is a social problem because of its negative consequences on the communities and social structures. It is a cultural issue because some cultural practices and beliefs fuel the spread of the disease and mask positive traits of the system while encouraging discrimination and stigma. Thus lobbying the nation of its labour force and negatively impacting on the economic growth and development. It is a political problem because a sick person will not contribute to the political development of the country. It is a health issue because it affects directly a large number of people and the health-care system itself. (The sentence is similar to sentence two). HIV and AIDS is an economic issue as it leads to reduction in economic growth by reducing the productivity of the labour force and drains investment resources in all sectors. HIV and AIDS is a development issue because it affects negatively all sectors of the economy.

Malawi like many other Sub-Saharan African countries has been severely affected by HIV and AIDS. The first case of HIV and AIDS was reported in 1985 and to-date, despite so many years of national response, the impact remains devastating and the country's efforts are inadequate given the pace of the spread of HIV and AIDS. Poverty and HIV and AIDS are reciprocally influenced and Malawi happens to have more than 65 percent of its population living in poverty. However, Malawi's efforts are not without fruits. The national adult (15–49 years) HIV prevalence has slightly reduced from 14.4% in 2003 to 14.0% in 2005 and the HIV prevalence among antenatal attendees has also declined from 19.8% in 2003 to 16.9% in 2005. Approximately 900,000 people are living with HIV, including 70,000 children under the age of 15. HIV and AIDS is now the leading cause of death in the most productive age group, resulting in at least 80,000 deaths annually. Out of Malawi's one million orphans, 500,000 have lost one or both of their parents to AIDS. A fifth of all households in Malawi take care of one or more orphans; 49 percent of these are female headed.

Malawi's response to HIV and AIDS began in 1986, initially concentrating on preventing further transmission of the virus. Since then Malawi has demonstrated increased commitment to addressing HIV and AIDS through the establishment of the National AIDS Commission (NAC) in July 2001 to manage a multi-sectoral response to HIV and

AIDS. NAC has made substantial investment to build and maintain a positive partnership with donors, bilateral and multilateral organizations and various stakeholders. Recently, NAC has established the Malawi Partnership Forum on AIDS, where all stakeholders come under one umbrella for improved coordination and harmonization of the national response. Over the past fifteen years the country has moved from a point of denial to a situation where there is almost universal awareness of HIV and AIDS. In response to the burden of the HIV and AIDS epidemic on the formal health care system, Government of Malawi has encouraged communities and households to take up the challenge of providing home based care and support. At present, public organizations, community-based organizations (CBOs), non-governmental organizations [NGOs], faith based organizations (FBOs) and public and private sector institutions have all become engaged in various ways in the fight against HIV and AIDS, implementing activities and interventions that seek to mitigate its impact on individuals, families, communities and institutions. This has led to a dramatic increase in the number of community groups providing home based care and orphan care as well as increased number of trained community home based and orphan care providers. In order to institutionalize, nutrition, HIV and AIDS work, the Department of Nutrition and HIV and AIDS was created in the Office of President and Cabinet to coordinate nutrition activities and oversee the HIV and AIDS work.

Nonetheless, Malawi still faces a number of challenges in containing the spread and impact of HIV and AIDS on development. Key constraints in containing the HIV and AIDS scourge are: hunger and poverty which make individuals more vulnerable to infection risks; inadequate supply of ARVs and access to nutritious foods; low levels of education; limited implementation capacity, some deep rooted harmful cultural values, beliefs and traditions and poor coordination amongst the service providers.

Priority Goal and Medium-term Expected Outcomes

The priority goal is to prevent the spread of HIV infection among Malawians, provide access to treatment for people living with HIV and AIDS and to mitigate the health, socio-economic and psychosocial impact of HIV and AIDS on the general population and high risk groups. The key expected outcomes in the medium term are behaviour change of people particularly the high risk groups which include the youth, commercial sex workers, mobile and other vulnerable populations; increased number of people accessing voluntary counseling and testing (VCT) and STI management services; increased number of women accessing the Preventive Mother to Child Transmission (PMTCT) services; improved health status or extended life of the infected people through increased uptake of ARVs and nutritious foods and nutrition therapy as well as community home based care services; protection and care of children and families affected by AIDS; and improved planning, management and coordination of all stakeholders and development partners in the fight against HIV and AIDS.

Key Strategies

HIV and AIDS need a multi-pronged approach of preventing and treating to reduce its spread and impact. Therefore, to achieve the above stated goal and outcomes, the following strategies will be pursued:

- Improve knowledge and capacity of young people and other vulnerable groups to practice safer sex and increase their access to HIV testing and counseling;
- Expand services for prevention of mother to child transmission, testing and counseling, access to condoms, STI management, and access to behavior change communication;
- Increase equitable access to ARVs and treatment of OIs;
- Promote high quality community home-based care services, good nutrition, including provision of nutrition therapy for PLHA;
- Improve the provision of support and protection of the infected and affected groups;
- Build and strengthen the capacity of public and private organizations to mainstream HIV and AIDS into their core businesses;
- Strengthen joint planning, monitoring and evaluation processes among national authorities, stakeholders and development partners (alignment, harmonization and mutual accountability)
- .Build capacity at all levels in the national response to HIV and AIDS with special focus for local service delivery.

4.3.4 Sub Theme Three: NUTRITION

Nutrition has significant influence on human development and wellbeing, subsequently on capacity and productivity of a person. Nutrition and its association with health, is paradoxical in the sense that over and under nutrition can lead to ill health. Over and under nutrition, usually referred to as *malnutrition* is both a cause and a consequence of poverty in developing countries and continues to retard economic growth and development.

While obesity in Malawi is estimated at 25%, especially in urban areas, under-nutrition is a very common condition, especially amongst women and children. The effect of under nutrition is under weight, stunting and mental retardation, which has far reaching consequences. A poorly nourished body is primary and highly susceptible to infections such as Tuberculosis, malaria, diarrhoeas, acute respiratory infections, HIV and AIDS. Study findings show that under nutrition is a factor commonly associated with maternal and child/infant mortality. Protein-energy malnutrition (PEM) is very high in Malawi, with under-five children stunting close to 50%; wasting at 6%, increasing to 9% during the lean periods; and underweight at 25%. Micro-nutrient malnutrition such as sub-clinical Vitamin A deficiency is at 60% of pre-school children, 38% of school age children, 57% child bearing age women and 38% men. Anaemia is at 80% pre-school, 22% school age children, 27% non-pregnant women, 78% pregnant women and 17% men. Iodine deficiency disorders are also common despite Malawi's adoption of Salt

Iodization Act due to porous borders that allow non-iodized salt entry into the country, coupled with weak enforcement mechanisms. Consequently, cretinism is not uncommon phenomenon. It is estimated that 64% of children have low Intelligent Quotient (IQ) in areas with high iodine disorders. Coupled with this, the prevalence of dietary related non-communicable diseases like hypertension, diabetes, gout, arthritis and cancer among others is on the increase.

The problem of under nutrition in Malawi is alarming and is primarily caused by inadequate dietary intake, which is caused by a combination of underlying factors including household food insecurity resulting from inadequate food production or low incomes; poor child feeding and care practices; inadequate education and lack of knowledge which lead to poor food processing and utilization and sometimes cultural beliefs which denies women and children of consuming high nutritive value foods. Infections can also be a major cause of under nutrition. In addition, poor institutional coordination of nutrition programmes has also been a big constraint.

Goal

Good nutrition is a primary preventive measure of diseases, which come about because of poor nutritional status as such government's goal as regards nutrition is to promote consumption of a variety of nutritious foods for a healthy and productive life of Malawians.

Medium-term Expected Outcomes

The key expected outcomes in the medium term are effective utilization of food that encompasses quality of the food and the biological utilization of nutrients in the body; reduced levels or rates of under nutrition among women, men, girls and boys; reduced incidences or cases of dietary related non-communicable diseases and micro-nutrient disorders among the Malawian population; increased productivity; and strengthened structures and coordination for implementation of policy and programme interventions and capacity built for nutrition and dietetics at all levels.

Key Strategies

The following are strategies to achieve the expected outcomes in the medium term:-

- Promote adoption of appropriate diet and healthy lifestyles through education;
- Promote the control, prevention and treatment of micro-nutrient deficiency disorders particularly those caused by vitamin A, iodine and iron deficiencies;
- Promote control, prevention and treatment of diseases that have direct input on nutrition and health status;
- Increase access and availability of services and information to prevent consumers from health hazards;
- Harmonize and improve food and nutrition security information system for evidence based interventions;
- Review and include nutrition in curriculae of all learning and training institutions;
- Enhance co-ordination of nutrition programmes
- Build capacity for nutrition, dieticians, and community nutrition workers

- Monitor and manage dietary related non-communicable maladies.

Effective implementation of the nutrition strategies will require co-ordination of the relevant ministries and civil society involved in actual implementation of nutrition programmes. These strategies to successfully achieve the intended goal and outcomes will, to a greater extent, rely on what happens in other sectors like access, availability, acquisition and production of food, disease treatment and prevention in the health sector, relevant curriculum in the education and training sector and reduction of gender inequality.

4.3.5 Sub Theme Four : EDUCATION

The role of quality and relevant education in the development and growth strategy of any nation cannot be over emphasized. Education prepares and develops the people who manage the development and growth process. Malawi cannot be an exception.

In this respect, education is the key for attaining prosperity. a catalyst for socio-economic development and industrial growth and an instrument for empowering the poor, the weak and the voiceless. Education enhances group solidarity, national consciousness and tolerance of diversity. It facilitates the development of a culture of peace which is conducive and critical for socio-economic, political and industrial development. Hence, education is critical and necessary for economic and industrial growth and development.

The Government has or is implementing a number of reforms in order to improve the current situation especially to increase access at all levels and retain the students in school; improve the quality and the relevance of the education being provided; improve equity, management and supervision; and the training of more teachers for both primary and secondary levels. Efforts are being made to improve access and quality through the construction of additional classrooms, provision of relevant school supplies and the training of more teachers and upgrading the existing under qualified ones. Curriculum reviews and reforms are in progress to improve the relevance of the education so that the system can produce both white collar job seekers and blue collar job providers and self-employers. Effective policies and systems are being established to enhance equity in education and the effective management of the education sector.

Improvement and relevance of education system in Malawi faces and continues to face a number of challenges. Some decisions which have been taken over the past few years, have negatively affected the quality and relevance of the education being provided. The sudden declaration of the Free Primary Education Policy, the conversion of the former Distance Education Centres (DECs) and the use of untrained and under qualified teachers in the system due to inadequate number of professionally qualified teachers, affected the quality of education at both primary and secondary levels.

The relevance of the education has also been negatively affected by the lack of timely review and reform of the school curriculum, consistent with the new national needs and

aspirations, and also through the unwarranted addition of irrelevant subjects to the old curriculum and the removal of relevant subjects such as technical, vocational and entrepreneurship education subjects. Other factors compromising education quality and relevance include: backward cultural attitudes of education for girls, inadequate infrastructure (including for people with special needs), internal inefficiencies such as high absenteeism, repetition and dropout rates, and also lack of school inspection or ineffective supervision and monitoring. These have rendered the system to be inefficient. The completion rates, pass rates and transitional rates from one class to the next and from one level to the next are very low.

Goals

The education sector has identified three priority goals. These are to equip students, especially at the basic education level with basic knowledge and skills to enable them function as competent and productive citizens in a free society; to provide the academic basis for gainful employment in the informal, private and public sectors; and to produce high quality professionals with relevant knowledge and skills in relevant fields.

Medium-term Expected Outcomes

At the pre-school level, the expected medium term outcomes are expanded infrastructure for pre-school children and increased access to pre-school by the children of the right age.

At the primary school level the expected medium term outcomes are substantial reduction in absenteeism, repetition and dropout rates and high quality and relevant education.

At the secondary and tertiary level education the expected medium term outcomes are increased access and improved quality and relevant education for both sexes and people with special needs.

Key Strategies

In order to attain the above goals and achieve the aforementioned outcomes, the following strategies will be pursued:

- Rehabilitate existing schools and build additional school infrastructure primary and secondary school levels;
- Train more teachers;
- Improve the teaching-learning environment to reduce absenteeism, repetition and dropout rates for both sexes.
- Review and reform the school curriculum to make it responsive to the national needs.
- Implement affirmative policies relating to selection; conducive environment for girls and for students with special education needs to enhance equity.
- Equip managers with managerial skills through targeted training and induction.

For each of the strategy areas above, the actions for primary, secondary and tertiary are different. The summary policy framework highlights the different priority actions for each level of education.

Sub Theme Five: GENDER

Gender issues are an integral part of the overall national development agenda. Gender inequalities in accessing productive resources, development opportunities and decision making affect the economic growth and development. Gender being a cross cutting issue of development concern, it must be mainstreamed in the national growth and development strategies. This is to address the existing gender imbalances for gender equality and sustainable socio-economic development. The key areas of concern in gender mainstreaming are education and training; reproductive health; HIV and AIDS, food and nutrition security; natural resources and environmental; human rights; and economic empowerment.

The Gender Development Index for Malawi of 0.374 indicates that large disparities between men and women exist. Women who constitute about 51% of the population are marginalized in social and economic spheres. While women are a major force in the country's socio-economic activities, they are unable to affectively contribute to social, economic and political development of Malawi. Education is a key factor for women empowerment; however women tend to have lower education leading to their lower participation in many areas of development. Studies have also shown that in general, more women, especially female-headed households are poorer than their male counterparts. The main challenges are social/cultural, limited access to means of production, limited participation in social and economic activities. There are big gender disparities in terms of access to and control of productive resources and opportunities for participation in the development process. The abuse of human rights or gender based violence is tilted towards women and children and has accelerated other factors in disfavour of them such as spread of infections like HIV/AIDS and sexually transmitted diseases. The coordination and implementation of gender related policies is weak.

Goal

The overall priority goal is to mainstream gender in the national development process to enhance participation of women and men, girls and boys for sustainable and equitable development.

Medium-term Expected Outcomes

Gender is cross-cutting, hence specific sectoral medium term outcomes and strategies are contained in the respective sub-theme of health, education, food security, agriculture, nutrition, HIV and AIDS etc. However, from gender perspective we would be interested to have the following outcomes in the medium term: reduced gender inequalities/increased participation of women and children in key decision making processes and development opportunities and strengthened institutional coordination for gender co-ordination.

Key Strategies

To achieve the stated goal and outcomes the following strategies will be pursued:

- Strengthen the institutional capacity for effective co-ordination of gender policy implementation;
- Affirmative action to increase women and children decision makers in high levels of the public and private sectors;
- Advocacy to include gender equality provisions in the Malawi Constitution; and
- Break the cultural/traditional factors which create and perpetuate gender inequalities.

Gender is not a stand alone subject; as such achievement of the government goals and outcomes under this sub-theme of gender will very much depend on mainstreaming gender issues in other thematic and sub-thematic areas such as education, health, nutrition, safety, security and justice, economic growth etc.

4.4 THEME FOUR: INFRASTRUCTURE

A key component of the enabling environment for private sector driven growth and provision of timely and quality social services is the quality and availability of adequate infrastructure. Further, provision of a package of infrastructure in the areas of transport (road, rail, air and water), electricity, telecommunications, and information technologies contributes to creation of an appropriate environment for enhanced productivity of business establishments in the country. Infrastructure being a prerequisite to development demands that it be provided as a package for maximum benefits. In the past and at present, attempts to provide infrastructure have been made but with little impact on economic growth most likely because the infrastructure has not been provided as a package. Lack of one key infrastructure service e.g. a road or electricity in an area, has restricted the benefits of some other already available services. The infrastructure services are complementary in nature and must be provided as a package for maximum benefits of development endeavours set in this strategy.

In general, infrastructure in Malawi is grossly inadequate, characterized by low availability, unreliability and very expensive to support productivity. Overall, the infrastructure limitations in Malawi can be attributed to weak transport infrastructure (network and condition); high cost of transportation resulting in high cost of goods and services; unreliable and expensive utilities (water, electricity, and telecommunication); weak capacity of information technology in both the private sector and the public sector. In the era of globalization, this makes the country vulnerable to modern technologies as it lags behind. This is compounded by Malawi's landlocked status, which is a major disadvantage to businesses as it increases the costs to importers and exporters relative to regional competitors. If the country is to register positive economic growth these limitations need to be addressed.

Development of infrastructure will contribute to the achievement of a number of the expected outcomes under themes one, two and three of this strategy. Specifically, a well developed infrastructure will contribute to reduced cost of doing business in Malawi as it will improved attractiveness of Malawi as an investment opportunity; Increased access to markets, clinics, schools, etc. especially in rural areas and reduced incidence of water borne diseases and environmental impacts from poor water usage and poor sanitation.

It is important to note that provision of infrastructure is not an end in itself but an enabler of the economic and social activities. In line with the goals of this Malawi Growth and Development Strategy and in the context of the resource envelop, infrastructure development would focus on provision of infrastructure services as a package, which will primarily promote agricultural production and processing; tourism; mining and service the key social services such as schools, hospitals and markets.

Table 4.4: Summary of theme 4; Infrastructure

Sub-theme	Long and medium term goal	Expected Outcome
Transport	Ensure the provision of a coordinated transport environment that fosters a safe and competitive operation of commercially viable, financially sustainable, and environmentally friendly transport services and enterprises	Improved mobility and accessibility of the population to key road corridors within Malawi and out of Malawi and facilitate the continued development of the country's rural areas
Energy	The goal in the sub-sector is to reduce the number and duration of blackouts and brownouts, increase access to reliable, affordable electricity in rural areas and other targeted areas (such as social facilitates) and improve coordination and a balance between the needs for energy and the needs of other high growth sectors (such as tourism). In the medium term, it is expected that the country will have reliable and sustainable energy supply and increased access.	Reliable and sustainable energy supply and increased access
Water	The overall goal in Water is to ensure that water resources are well protected and that in the long term, costs of manufacturing are decreased and there is an increased ability to enter into different forms of manufacturing that require water. Furthermore, the reduction of water borne diseases is another priority goal. In the medium term, Malawi intends to increase access to water within 500m distance for all people, and thereby ensuring that basic water requirements of every Malawian are met while the countries natural ecosystem is enhanced.	Basic water requirements of every Malawian are met while the country's natural ecosystem is enhanced
ICT Telecommunications Information Technology Broadcasting	ensure universal access, connectivity and affordable information and communications technology Improve use of technology in companies, education, and service delivery empower the nation and accelerate economic growth and development through the collection, analysis, processing and dissemination of accurate and timely information.	To encourage the formation of public/private sector partnerships in the provision of telecommunications services. Increased technical skills and updated knowledge are used by public and private sector institutions Develop its broadcast infrastructure using the modern telecommunication technologies and develop the sub-sector to be private sector driven and oriented.
Science & Technology	Develop, disseminate and promote utilization of technology to improve productivity and quality of goods and services	Well coordinated science and technology generation and dissemination. Effective and efficient operation of science and technology institutions.

4.4.1 Sub-theme One: TRANSPORTATION.

Investment in the transport infrastructure i.e. roads, rail, air and water has direct impact on linking production and consumption areas. Improved transportation reduces transport costs and leads to creation of marketing networks. High quality and availability of transport facilities provide social benefits through improved access to social services: education, health, markets by facilitating mobility, especially for rural communities. In the short term, construction of these infrastructures will provide income through employment of people.

The weakness of the transport infrastructure includes poor road network, poor access to ports, limited air links and freight capacity, limited rail capacity and poor condition of roads serving manufacturing, mining, tourism, social facilities and rural areas. The inadequacy of the transportation infrastructure results in high costs of production, where transportation represents 55% of costs, compared to 17% in other less developed countries.

4.4.1.1 ROAD TRANSPORT

High transport costs and poor access to some parts of the country remain an important threat to faster economic growth in Malawi. High transport costs in part result from the country's landlocked position and smaller market size and also from the continuing inefficient operating environment faced by the domestic and international operators in spite of liberalization of the transport sector. Poor roads access mainly results from the deteriorating condition of the country's overall road network, especially in the rural areas. This problem is compounded by the enormous backlog for maintenance of the road infrastructure, unsafe and impassable road network, (37 percent is in poor condition), lack of competition due to restrictions on foreign operators for road transport, taxes on vehicles and equipment increases the cost of trucking and poor logistic chains.. This has led to a high domestic road transport costs. Poor quality feeder roads also impacts the ability of rural areas to engage in economic activities.

Goal

The long term goal for the road transport sub-sector is to improve transportation to contribute positively to economic growth.

Expected Medium Term Outcomes

In the medium-term improved transportation will contribute to reduced lead times on export, decreased cost of domestic trucking, lower costs of cross-border and transit trade with neighboring countries, lower cost to reach domestic, regional and international markets (supply and distribution) and improved mobility and connectivity of rural communities to markets. In the medium term efforts will contribute on Improving mobility

and accessibility of the population to key road corridors within Malawi and out of Malawi while facilitating the improved mobility and accessibility of rural communities to goods and services in the rural areas at low cost to the economy.

Key Strategies

To realize the medium term outcome, the following strategies will be put in place:

- provide adequate network of roads based on appropriate standards through rehabilitating and upgrading the “all weather” roads to meet sub-regional agreed standards;
- routine road maintenance to clear backlog *through* use of modified “Performance-Based Term Maintenance Contracts,
- build the capacity of the local private sector to build the roads through the national construction industry;
- replace timber-deck bridges with concrete decks with the intention of reducing the number of timber deck bridges to zero for rural roads/ feeder roads and
- maintain urban road networks.
- upgrade all unpaved roads from fair to good condition by the end of the five-year period ;
- Involve private sector in the monitoring and operations of road transport services ;
- Implement appropriate road user charges;
- Harmonise the country’s highway code, road signs, signals and axle-load regulations within the region;
- develop coordination of information on the flow of cargo regional and international carriage by encouraging private sector freight forwarding companies; and
- create one stop border post on all major transport corridors to allow for the smooth flow of traffic and developing an integrated approach to road safety.

Implementation

The strategy in the road sub-sector will concentrate on ensuring availability of adequate, safe, reliable, efficient and economical transport services in key corridors that meet the country’s current road transport needs and aligned to the future vision. Further, achievement of reduced lead times on export; decreased cost of domestic trucking and decreased costs of cross-border and transit trade with neighboring countries will also be follow in place. The inter-sector linkages with other modes of transport such rail and marine will be in place.

4.4.1.2 MARITIME/ WATER TRANSPORT

Water provides a better and cheaper alternative means of transport for certain parts of the country and as a link to the sea. Malawi has not benefited much from this mode of transport because the port system is inadequate to handle the present exports of agro-processing industry and imports. Further siltation at Beira, which is the nearest port, is a major constraint. Given the current transport bottlenecks, this mode of transport has been prioritized as an alternative means for export led growth. Government, therefore, has an obligation now to maintain the ports and explore ways to bring in the private sector.

Goal

The main goal for water transport is to open up the linkages to the sea coast for water transport and inter-modal transport.

Expected Medium Term Outcomes

The key medium term outcome for water transport is to ensure that Inland shipping network is active in local and international shipping, trade and tourism in a safe manner while protecting the environment. Efforts will also be directed towards plans to navigate the Shire so that the country could have direct access by water to the ports along the Indian Ocean.

Key Strategies

The strategy to achieve the expected outcome focuses on:

- developing an efficient and productive maritime transport system that meets national and regional requirements;
- dredging, opening up channels and acquiring badges or ships, which would navigate the Shire River.

Implementation

For the water transport, to be effective, the sub-sector will have to be closely linked to the rail and road networks. For instance developing the Zambezi Waterways will demand that the rail from Nsanje to major commercial cities like Blantyre, Lilongwe and Mzuzu be developed or rehabilitated for maximum benefit.

4.4.1.3 RAIL TRANSPORT

Goal

The long term goal is to have an efficient, affordable and effective rail network that eases the pressure from the road network and provides an alternative means of transport both to people and transportation of goods.

Expected Medium Term Outcomes

In the medium term, it is expected that the rail sub-sector will be well-managed, viable and a sustainable system that promotes accessibility, affordable and reliable movement of goods and people.

Key Strategies

The main strategies that will be in place to achieve this outcome will place emphasis on

- improving operational efficiency and commercial viability of the existing railway infrastructure and levels of service to all users including people with disabilities at an affordable cost; and
- promoting railway safety and environmental protection.

Implementation

The development of the rail network will have to be linked to target areas such the ports and industrial sites and borders to neighboring countries.

4.4.1.4 AIR TRANSPORT

Air is the most efficient and effective means of transport. In Malawi, the price of air freight is higher than neighboring countries and Malawi is among high cost countries in the world to fly into, landing right restrictions and fees are prohibitive as they are not competitive. The facilities at the major airports are either below international standards or not available. Malawi is striving to become a productive exporting economy, with no proper storage facilities at the international airport. In light of this problem, the focus of the medium term will ensure that the international airports conform to international standards through the provision of the relevant services and facilities.

Goal

The long term goal for the sub-sector is to make Malawi an affordable and attractive country to fly to and attract airlines to make Malawi as one of their destinations.

Expected Medium Term Outcomes

In the medium term it is expected that Malawi will attain and maintain a competitive, self-sufficient and sustainable civil aviation environment that ensures safety in accordance with national and international standards and enables the provision of services in a reliable and efficient manner.

Key Strategies

The key strategy will include the following:

- promote and facilitate a competitive, sustainable and efficient air transport industry with a view of stimulating economic growth;
- provide a safe, efficient, reliable aviation infrastructure that ensures safety and security of passengers, cargo and infrastructure in accordance with national and international standards; and
- make the fees competitive so as to attract visitors to Malawi.

Implementation

The objective of an affordable air transport is to attract tourists and export agro-processed products. This will call for availability of supportive accommodation facilities at or near the airport, availability of appropriate storage facilities and provision of appropriate information facilitates and packages to visitors as they land. Strong public-private partnerships will be promoted because government cannot afford to invest in such endeavors. Government will, therefore, facilitate private investment through the provision of relevant incentives.

4.4.2 Sub-Theme Two: ENERGY.

Energy is a crucial input into any industrial processing and serves as the life-blood for any economy. Malawi is relatively well endowed with a wide variety of energy resources such as biomass (firewood, charcoal, crop residues), coal, and perennial rivers for power generation and good sunshine for photovoltaic and photo-thermal applications. The full potential of the energy sub-sector remains far from being realized owing to a number of structural, operational and institutional challenges. A well-developed energy sub-sector can enhance stable supply of power, increased capacity of generation and transmission systems would lead to improved delivery of services and increased output in the economic and social sectors, respectively. Increased capacity of generation and transmission systems of electricity will support other programmes such as Malawi Rural Electrification Project (MAREP). The sub-sector also has strong backward and forward linkages with other sub-sectors, for instance, use of power transmission lines would also increase capacity for telecommunications.

The provision of energy in Malawi is inadequate, unreliable and inaccessible to all who need it due to monopolistic structures, underdeveloped services, siltation resulting from deforestation, and poor farming practices and management, weeds and water hyacinth on the Shire River bloc hydro-generation, expensive spare parts inhibit maintenance of equipment and breakdown due to siltation compounds the situation further. Lack of competition in the sector, non-functioning power plants and inability to generate sufficient amounts of energy, use of obsolete equipment in the transmission and distribution, lack of progress on regional interconnection and commitment to tap into other energy sources are among the bottlenecks of the sector. Coupled with this is the limitation of public investment to deal with the power problem. These constraints have led to unreliable, inefficient and expensive power supply, due to increases in outages (frequent power blackouts)

Goals

The goal in the sub-sector is to reduce the number and duration of blackouts and brownouts, increase access to reliable, affordable electricity in rural areas and other targeted areas (such as social facilitates) and improve coordination and a balance between the needs for energy and the needs of other high growth sectors (such as tourism).

Medium Term Outcomes

In the medium term, it is expected that the country will have reliable and sustainable energy supply and increased access. At the same time, rural communities will begin to use alternative energy supplies for power in under served areas while managing energy related environmental impacts

Key Strategies

The key strategies to the expected outcomes for this sub-sector will be

- to make energy utilization efficient in generation, transmission and distribution;
- target electrification for mining, irrigation, business, tourism, and other economic activities that would stimulate economic growth and improve the financial viability of key utilities;
- reduce parastatal losses by improving management of ESCOM so as to have fair pricing and affordable rates;
- implement the Mozambique inter-connection;
- increase access to sustainable energy systems through accelerating the Rural Electrification Programme (increase resources, promote development of micro hydro power stations and use of solar energy for off grid power supply) and use of both grid and off-grid options; and
- Ensure that energy provision takes into account and puts in place measures to deal with negative environmental impacts that may set in;
- Develop public-private partnerships in energy and identification of reliable funding mechanisms.

Implementation

To achieve an efficient energy supply, strong inter-sectoral linkages especially with the Water, Natural Resources and Agriculture Sectors will have to be established. An efficient supply of hydro-power requires a constant supply of water through conserved catchments areas, connections to neighbouring countries and exploring into other sources of energy. The sub-sector will also require strong public-private partnerships especially in distribution and funding.

4.4.3 Sub-Theme Three: WATER SUPPLY AND SANITATION.

Apart from human consumption, water is a very important resource for hydro power, irrigation, transport, agriculture, industrial use and the environment. As such ensuring availability of water is central to achieving the overall objective of this strategy, in the sense that it will ensure that decreased costs of manufacturing and increased ability to enter into different forms of manufacturing that require water, and thus contribute to economic growth of the country.

The water and sanitation sectors are active sectors in Malawi with many players drawn from the donor community, public entities, non-governmental organizations (NGOs) and private institutions. Significant progress has been made with the introduction of

coordination structures for the various players in the sector. Despite this, the sector faces challenges, with the degradation of water resources, inadequate services coverage, increasing water demand as a result of increasing population, HIV and AIDS prevalence (depleting human resource), insufficient capacity, inadequate promotion of hygiene and sanitation, lack of an integrated approach to Water Resources Management and Development, climate change and lack of mitigation measures for water related disasters. The multi-sectoral nature of issues of protection, management and development of water resources has resulted in lack of coordination of water resource management. On water resource management, the challenges are several, and these include lack of good monitoring and evaluation system, and a good Management Information System resulting in improper documentation of information and lack of a consolidated database on water point allocations. In addition, vandalism and theft of water supply and sanitation facilities is wide spread in the sector

Goals

The long-term goal in water sector is to ensure that water resources are well protected and managed so that in the long term, costs of manufacturing are decreased and there is an increased ability to enter into different forms of manufacturing that require water. Furthermore, the reduction of water borne diseases is another priority goal.

Medium-Term Expected Outcomes

In the medium term, Malawi intends to increase access to water within 500m distance for all people, and thereby ensuring that basic water requirements of every Malawian are met while the countries natural ecosystem is enhanced.

Key Strategies

In order to achieve the above mentioned goals, several strategies have got to be put in place. These are :

- Empowering national authorities to manage water resources using Integrated Water Resource Management approach and establish good monitoring systems;
- Improve the quality of surface and ground water and develop a system for pollution control by among others improving the skills, technologies and techniques in water quality monitoring and pollution control and by preventing use of substances and aquatic plants that can pollute water resources;
- Improve sustainable access to water supply and sanitation in urban, peri urban and rural areas by among others establishing water supply and sanitation systems using demand responsive and demand driven approaches, and the establishment of contingency water supply reserves and sanitation backups;
- Integrate rural water supply and participatory hygiene and sanitation transformation.

Implementation

In order to achieve sustainable and integrated water resource management and development, Malawi will need more efficient and effective practices by among other things, empowering national authorities to manage using Integrated Water Resource Management approach and establish good monitoring systems. The provision of water will also be linked closely to agriculture and other environmental problems that affect water supply such as soil erosion due to poor farming practices.

4.4.4 Sub-theme Four: INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

(a) Telecommunications

The telecommunication sector plays an important role in economic growth and poverty reduction. Effective and efficient information dissemination and communication systems are critical for private sector development and for service delivery. Telecommunication facilities link different groups of people in an economy. It benefits companies and people by giving them direct and fast access to customers, market information, technology and any other relevant information. Telecommunication can also be a cost effective communication system. This strategy recognizes the importance of the telecommunication and information sub-sector plays in enabling growth and improving the quality of life.

The status of the telecommunications services is undesirable and below regional standards even though the coming up of the cellular phones has improved the situation to some extent. Current statistics show that only about 4% of the total population is connected to ground telephone lines.

The coming up of the cellular phones have improved the situation to some extent. This retards progress in development and business efforts as it is difficult especially for rural based businesses to communicate through telecommunication. Further, it contributes to poor provision of basic social services, for instance, pregnant mothers die at home because of lack of phone facilities to call an ambulance or people robbed or killed as communities can not access the police through phones.

Goals

The long term goal is to ensure universal access, connectivity and affordable information and communications technology.

Medium Term Expected Outcomes

- To encourage the formation of public/private sector partnerships in the provision of ICT services.
- Leveling the playing field to enhance competition.

- Institute international standards and regulations to promote the development of the ICT sub-sector.
- Promote the liberalization of the ICT sub-sector.
- Encourage the establishment of postal related ICT and attract investment in the sub-sector.

Key Strategies

The following strategies will be pursued in the medium term in order to realize the medium term expected outcomes.

- Create a conducive environment to attract investment in the ICT sub-sector.
- Enhance the capacity of the regulatory body (MACRA) to act as a competent referee in order to level the playing field.
- Develop, monitor and periodically review regulations.

Implementation

The implementation of an effective and efficient telecommunications strategy for Malawi, will need to be in line with regional and international standards taking into account the issues of globalization.

(b) INFORMATION TECHNOLOGY (IT)

Technology advancement through the use of modern techniques of information technology (IT) is also important and necessary for the acceleration of economic growth and development. The dynamics and demands of the modern world call for active participation, adoption and use of modern IT technology. Malawi has since been taking strides to maintain reasonable levels of the advancement in this area but there are a number of constraints and challenges that need to be addressed in order to contribute effectively towards the overall goal. These include high costs of IT equipment, inadequate trained IT personnel, and poor IT technology support infrastructure.

Goal

The long term goal is to improve service delivery in both public and private sector institutions through the use of IT.

Medium Term Expected Outcomes

In order to achieve this it is expected that in the medium term the country shall have developed IT infrastructure and improve governance through e-government. In addition, there will be increased IT skills in both public and private sector institutions, and increased tele-density.

Key Strategies

The following strategies will be pursued in the medium term in order to realise the medium term expected outcomes.

- Develop a reliable, fast adaptive and robust national IT infrastructure,
- Enact appropriate legislation that promotes and facilitates the country's participation in the information age, and
- Facilitate the establishment of an efficient intra and inter-departmental, inter-sectoral, national and sub-national system of communication, for the necessary feed-back in policy formulation, programme implementation, monitoring and review.
- Intensify IT education and training in all sectors.
- Improve IT access to all communities.

Implementation

The implementation of an efficient IT strategy demands that it takes into account emerging needs of the industry at large and also be linked closely to telecommunications and high growth sectors such as tourism.

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Information dissemination through radio and television continues to be the main form of reaching to the communities in Malawi. Development of these modes of communication will remain vital in the medium-term to ensure that the population both in urban and rural areas is actively involved in the development process. Currently, radio communication is on the increase due to active participation of private radio stations. Television communication is still in its infancy but rapidly growing owing to its high message retention rate estimated at 93 per cent. TV communication has proved to be the best mode of disseminating information on various topical issues such as education, democracy, good governance, human rights, health etc. As such it is an important tool that will contribute significantly to economic growth and development for Malawi.

Goal

The long-term goal is to empower the nation and accelerate economic growth and development through the collection, analysis, processing and dissemination of accurate and timely information.

Medium-term expected outcomes

It is expected that the country shall develop its broadcast infrastructure using the modern telecommunication technologies and develop the sub-sector to be private sector driven and oriented.

Key Strategies

- Develop and rehabilitate broadcast transmitting stations.
- Improve broadcast distribution, coverage and contribution.
- Develop local capacity to generate reliable and accurate news and programmes.
- Improve quality of local-content programme production.
- Promote the participation of private broadcast station.
- Promote community broadcasting.

4.4.5 Sub Theme Five: SCIENCE TECHNOLOGY RESEARCH AND DEVELOPMENT

The Malawi Government recognizes the importance of research, science and technology in national socio-economic development. In this context, Government has established national institutional structures that support the development of science and technology such as the National Research Council (NRC), Malawi Industrial Research and Technology Development Centre (MIRTDC) and a fully pledged Ministry responsible for science and technology to promote science and technology, research and development. Technology is generated through continuous research and development hence it calls for investment in research, technology development and transfer. However, despite these efforts, Malawi is extremely weak not only in scientific and technological development but also in its utilization. This weakness affects many aspects of the socio-economic development.

Goal

The Government policy goal of national science and technology is to attain sustainable socio-economic development through the development and application of science and technology in order to improve industrial productivity and quality of goods and services. It is only through application of appropriate technology that Malawi will increase productivity, add value to its primary products and improve the standards for domestic consumption and foreign markets.

Expected medium term outcomes

In the medium term, it is expected that the following outcomes will be attained towards achieving the overall goal:

- Well coordinated science and technology generation and dissemination;
- Effective and efficient operation of the science and technology institutions;
- Increased uptake on productivity and enhancement of technologies, and
- Prioritized and focused research and development

Integration of science and technology in the national development planning process continues to face a number of constraints. Some of these key constraints are as outlined below:

- Poor coordination of research, science and technology generation.
- Weak capacity of research, science and technology generation and dissemination institutions;
- Inadequate funding to the relevant institutions.

Key Strategies

In order to overcome the above constraints and achieve the intended outcomes and goals, the following strategies will be implemented:

- Establishment of the National Science and Technology Commission as the apex body to coordinate all activities relating to research, science and technology;
- Strengthen the capacities of research, science and technology institutions;
- Generate and disseminate or transfer appropriate technology through public private partnerships;
- Develop and commercialize science and technology in areas identified to contribute significantly to socio-economic development;
- Promote development and utilization of indigenous technology through the re-introduction of the “Malawi Award for Scientific and Technological Achievement (MASTA) and the Most Innovative Technology Stand-MISTS” at the Malawi International Trade Fair;
- Establish a research funding mechanism to promote research by individuals and institutions, including formulation of legislation for private sector investment in local research, science and technology development.
- Design syllabi that achieve a balance of Science and Technology, Arts and Humanities in basic, secondary, higher and technical education

4.5 THEME FIVE: GOOD GOVERNANCE

The success of the strategies suggested in the first four themes owes much to the prevalence of good governance. The main tenets of good governance are issues to deal with good public sector management, absence of corruption and fraud, decentralization, justice and rule of law, security, good corporate governance, democratisation and information communication and technology. In addition, the need for political will and change of mindset within a democratic political environment is also envisaged to contribute positively towards the attainment of economic prosperity and poverty reduction. Malawi will, therefore, endeavour to address concerns in these areas as they underpin the achievement of all economic growth and social development objectives in the medium term.

The need to address concerns in all these sub themes cannot be over emphasised as it is evident that the achievement of the long-term national goals is dependent on good governance from all angles within the Malawian economy. As such it is imperative that good governance creates a conducive environment for the implementation of both economic and social activities. However, the deliverance of good governance calls for collaborative efforts from all stakeholders because of the cross cutting nature of the issues. At hand. Again, political will and change of mindset within a democratic political environment is also crucial if anything is to be achieved. The country will, nevertheless, endeavour to address concerns in these areas through the various strategies put forward and there by contribute towards the achievement of all economic growth and social development goals.

Table 4.5: Summary of theme 5; Good Governance

Sub Theme	Long-Term Goals	Medium-Term Expected Outcomes
Macroeconomic Stability	Sustain economic growth, reduce dependency on foreign aid and generate investor confidence.	Stable macroeconomic environment having low inflation, lower interest rates, stable exchange rates, reduced Government borrowing and sustainable debts.
Public Policy Formulation	Free flow of information to consolidate democracy	Public well informed to participate in national development.
Public Expenditure	Eliminate distortions in macroeconomic fundamentals	Improve budget implementation
Corruption	Improve donor confidence	Corruption and fraud will be reduced.
Public Sector Management	Affordable, highly motivated, results oriented and productive civil service.	Improve the delivery of quality public goods and services.
Decentralization	Improve the efficiency and effectiveness of the public sector in service delivery to the communities	Local assemblies in full control of development planning and implementation
Justice and rule of law	Increase access to justice and entrenched rule of law	More responsive, efficient and effective judicial authority.
Security	Safe, secure and crime free nation	Reduced crime levels
Corporate Governance	Increased private sector investment	Increased domestic and foreign investment.

4.5.1 Sub Theme One: MACROECONOMIC STABILITY

Macroeconomic stability is a prerequisite for economic growth and wealth creation. Since the recent past few years the country has experienced unstable macroeconomic environment mainly due to fiscal indiscipline. The macroeconomic fundamentals in inflation, interest rates and exchange rates have not been suitable for economic growth and development. Interest rates still remain high to generate real investment, inflation rates are high and fluctuating, and the Kwacha exchange rates against major currencies has been unstable and depreciating. Major challenges include the reduction of the unsustainable Government debt, privatisation of parastatals that continue to draw down on public resources, maintaining a sustainable fiscal deficit, unpredictable donor financing and external shocks such as increasing petroleum prices.

Goal

The overall long-term goal is to sustain economic growth, reduce dependency on foreign aid and generate investor confidence.

Medium Term Expected Outcomes

In the medium term it is expected that Malawi shall achieve a stable environment having low inflation (below 5%), lower interest rates, stable and non-volatile exchange rates, reduced Government borrowing and sustainable debts.

Key Strategies

In order to realise the medium term expected outcomes a number of strategies have been suggested. These include the following:

- Improving public expenditure management by adhering to the budget and good financial management systems as prescribed in the relevant Acts.
- Improving the predictability of donor financing and holding donors accountable to their commitments,
- Improving the environment for private sector participation by reducing the crowd out effects for private sector borrowing and the introduction of favourable tax reforms, and
- Promotion of value added export commodities and products.

4.5.2 Sub Theme Two: PUBLIC POLICY FORMULATION, EXPENDITURE MANAGEMENT AND CORRUPTION

In Malawi the public sector has been characterised by poor management that has generated inefficiencies in the delivery of public goods and services. Government and its developing partners are already addressing some of the challenges in the sector such as wage policy reform, civil service structure reform, capacity constraints and corruption.

Despite these efforts, poor Civil Service incentive structures, inadequate financial and material resources, poor implementation structures, inadequate capacity, political interference, transparency and accountability, fraud and corruption still remain major obstacles in the medium term. In light of this, the focus in the medium term will be on strengthening public policy formulation, expenditure management and eliminating corruption in addition to the on going reforms in the public sector.

4.5.2.1 Public Policy Formulation

Goal

The long-term goal is free flow of information to allow the public to participate effectively in decision-making processes.

Medium-Term Expected Outcomes

In the medium term it is expected that the public will be well informed to participate in national development and has an enhanced participation in socio-economic activities.

Key Strategies

A number of strategies have been designed to achieve the medium term expected outputs. These include:

- Improving citizen access to timely and accurate information that is easy to understand. Establish community information centres to ensure the public has access to information on public policy, plans and implementation.
- Strengthening information collection, processing, storage and retrieval and publication infrastructure. This will require the procurement of equipment for public news agencies, establish record management systems in the public sector, and introduce wire news subscription to public institutions.
- Enacting access to information legislation.
- Engaging Parliament more in constructive discussion on the national development process as outlined in the Malawi constitution.

4.5.2.2 Expenditure Management

Good public expenditure management is particularly important for ensuring that public resources are allocated and spent on priority areas. This will be fundamental to achieve the targets and aspirations outlined in this document. The central tool in public expenditure management is the budgeting process which since 1995 has been based on MTEF. The MTEF entails an output-focused approach based on costing of priority activities and projections of available resources. However, implementation of the MTEF has not been satisfactory. There have been huge variations in terms of planned (approved) expenditures and actual expenditures. Unbudgeted for expenditures have exerted unnecessary pressures on the budget undermining the set priorities. Sector policies have remained unaffordable and resources have ended up being spread too thinly across so many activities thereby making no impact. This only shows lack of appreciations of resource constraints both at political and technical level. It is imperative that the situation be corrected to achieve the long-term goal.

Goal

The ultimate goal is to eliminate the negative effects of over expenditure in the economy.

Medium-Term Expected Outcomes

In the medium term it is expected that budget implementation will be improved. In order to achieve this outcome the following strategies are suggested.

Key Strategies

- Ensuring that resources are spent on priority areas by minimising extra budgetary expenditures and adhering to the Public Finance Management Act and the Public Procurement Act.
- Government will replace the CODA system with EPCOR system and embark on the central payment system.
- Linking the output-based budget to the government accounting system.

4.5.2.3 Corruption

Undeniably, corruption retards economic growth and prosperity by diverting resources from economic and socio development into coffers of the few. Corruption discourages legitimate business investment, and reduces the public resources available for the delivery of public goods and services especially to the poor. Despite effort to curb corruption, cases of corruption are still on the rise. The Anti Corruption Bureau's effectiveness is hampered by inadequate human and financial capacity in addition to the need for reviewing other related laws. One of the main challenges in the medium term is, therefore, to ensure that corruption and fraud prevention is improved while bringing offenders to the wrath of the law.

Goal

Improvement of donor, private sector and public confidence is the long term.

Medium-Term Expected Outcomes

In the medium term, it is expected that corruption and fraud will be reduced. This will be achieved through improved transparency and accountability of goods and service delivery. In order to achieve these the following strategies will be pursued:

Key Strategies

- Training specialised personnel in the field of corruption and fraud to improve human capacity in such institutions of the Anti Corruption Bureau, Auditor General and Accountant General,
- Promoting the accountability of the ACB and Auditor General to Parliament,
- Reducing political interference in the public sector by redefining and separation of roles between Cabinet Ministers and Principal Secretaries
- Promoting transparency and accountability in the procurement and delivery of goods and services by enforcing the relevant rules and regulations.

- Deepen the process of devolution of authority and resources to local governments in order to improve transparency and accountability.

4.5.2.4 Public Sector Management

Goal

The long-term goal is that Malawi should have an affordable, highly motivated, results oriented and productive civil service. This is envisaged to improve the delivery of quality public goods and services.

Medium-Term Expected Outcomes

The expected outcomes in the medium term are to improve the performance of the public sector and generate transparency and accountability in its dealings.

Key Strategies

The reforms in the public sector are necessary for the achievement of the expected outcomes in policy formulation, expenditure management and also elimination of corruption. Hence the following strategies will be pursued in the medium term.

- Providing adequate appropriate training in the public service in order to enhance capacity for the delivery of public goods and services,
- Appointing and promoting staff based on merit and performance,
- Continuing with wage policy reforms in order to raise incentives in the civil service,
- Rationalise the civil service to ensure cost effectiveness of the delivery of public goods and services,
- Implementing non-salary incentives performance management systems.

4.5.3 Sub Theme Three: DECENTRALIZATION

Malawi recognizes local governments as key to national development and good governance. The objective is to devolve central government powers, functions and resources to Malawians through their local authorities known as assemblies. This approach is enshrined in the Decentralisation Policy (1998) and is backed by the Local Government Act (1998). The implementation of the programme since 2001 has met a number of constraints which have slowed down progress. These include weak, poor and ineffective linkages between decentralization policy and other public policy reforms, persistent power struggle and conflicts of roles between elected members such as Members of Parliament and Councillors; and Traditional Authorities, weak institutional capacity, high turn over of key staff like accountants, economists and other specialists, ineffective participation of the local communities due to lack of information, knowledge and skills, and inadequate financial resources among others. However, with the advent of popular democracy and the fact that over 80% of the Malawi population resides in rural areas, it is still necessary that empowerment of people through democracy for effective popular participation and decision making in the development process should continue.

Goal

The long-term goal is to improve the efficiency and effectiveness of the public sector in service delivery to the communities in all local assemblies.

Medium-Term Expected Outcomes

In the medium term it is expected that local assemblies will be in full control of development planning, there will be improved community participation in development planning, efficient accountability and good governance systems, vibrant monitoring and evaluation system, clear and strengthened linkages of various policy reforms, and reduced conflicts of roles among various stakeholders at the district level.

Key Strategies

In order to achieve the medium term expected outcomes the following strategies will be pursued:

- Implement full and complete sector devolution,
- Redefine roles of various local government players to reduce operational conflicts and promote effective contribution to the development process.
- Establish a vibrant M&E system which will ensure transparency and accountability,
- Train various stakeholders to enhance their participation in development planning.

4.5.4 Sub Theme Four: DEVELOPING A STRONG JUSTICE SYSTEM AND RULE OF LAW

The creation of a strong legal system that safeguards the interest of the nation and promotes the rule of law is also a fundamental factor for achieving economic growth and development in a country. This among others is envisaged to create an enabling legal and regulatory framework that provides incentives for economic activities. The dynamics of the modern world that has brought about multi party democracy, globalisation, regional integration, human rights among others calls for a coordinated approach to delivering justice and respect for the rule of law. It is with this background that all stakeholder institutions in the sector have a role to play if Malawi is to attain its overall goals in the medium term.

There are a number of constraints that need to be addressed in order to develop and enforce the rule of law in Malawi. These include shortage of legal experts to effectively and timely handle legal cases, lack of local capacity to train legal personnel, high costs of legal services. In addition, high crime rates, lack of adequate access to justice, commitment to human rights and lack of respect of the rule of law are also critical issues that need to be tackled. However, there are also other cross-cutting constraints that affect delivery of justice and respect for rule of the law like institutional capacity, inadequate systems and procedures, HIV and AIDS pandemic, slow adoption of ICT and poor infrastructure.

Goal

The long-term goal is to increase access to justice and entrenched rule of law.

Medium-Term Expected Outcomes

It is expected that in the medium term Malawi shall have a more responsive and effective judicial authority with sustained administration of justice in Malawi, increased public confidence in the judicial system and improved ability of private sector to obtain equitable and fair settlement of disputes in reasonable time and cost.

Key Strategies

Key strategies for achieving the medium term expected outcomes include;

- Improving the local institutional capacities for training legal personnel,
- Reducing time and costs for handling legal cases through the provision of more court centres with the introduction of traditional courts having appropriate jurisdiction.
- Provide more court centres with the introduction of traditional courts with appropriate jurisdiction in order to reduce time and cost for handling legal cases.
- Improving civil dispute settlement mechanism,
- Aligning various relevant laws with the Malawi Constitution and international laws, and
- Developing an informal legal system that is accessible, efficient, and equitable,

4.5.5 Sub Theme Five: SECURITY

Equally important is the need for security in the country to safeguard human resources, infrastructure, goods and services. This is crucial for creating an enabling environment for economic and social activities. Major challenges include inadequate police officers, inadequate equipment, and infrastructure. These need to be addressed in the medium term if crime prevention, detection, and investigation are to contribute effectively towards a safe and secure Malawi.

Goal

The long-term goal is to make Malawi a safe and secure and crime free nation.

Medium Term Expected Outcomes

The key expected outcome in the medium term include

- prevention and reduction of crime levels.
- Improved methods of promoting public order.
- Improved road safety on all roads of Malawi.
- Improved partnership and participation of members of the public in all issues of safety and security.

Key Strategies

Key strategies for achieving the medium term expected outcomes include;

- Improving the responsiveness of police to communities security needs by reducing the police population ratio through recruitment and training of more officers.
- Promoting effective prosecution and punishment.
- Effective crime detection, investigation and prevention through the provision of adequate technical and financial support to the police.
- Strengthen partnership for risk management between private sector and the police for protection of business property.
- Enhance community integration and participation in crime prevention, and detection through civic education.

4.5.6 Sub Theme Six: CORPORATE GOVERNANCE

Good corporate governance is an important factor within the creation of an enabling environment for rapid and sustainable private sector development. However, good corporate governance is a relatively new phenomenon within the Malawi private sector context as such it requires support in order to ensure greater transparency and accountability of companies in the country. Strengthening good corporate governance will therefore be one of the key tools of addressing the problem of fraud and corruption within the private sector. In the past the major problem has been lack of the code of good practices that would govern the operations of the private sector. This problem is now being addressed with the development of the code of best practices by the private sector. The challenge now is its implementation. In addition, the Institute of Directors has been established so that it plays a leading role in championing corporate governance issues in the country. Efforts in the medium term will therefore emphasize on the implementation of the best practices with particular emphasis on transparency and accountability. This is expected to contribute towards reduction of fraud and corruption in the private sector.

Goal

The long-term goal is to increase investment by the private sector.

Medium term expected outcomes

The implementation of the code of best practices on corporate governance in the medium term is expected to enhance private sector performance through reduced corruption and fraud and improve investor perceptions of Malawi as an attractive investment destination. This is expected to translate into increased levels of domestic and foreign direct investment.

Key Strategies

Key strategies in the medium term are:

- Facilitate the implementation of Institute of Directors and roles in adoption of good corporate governance code of best practices.
- Popularise the need and role of the Institute of Directors to play a leading role in facilitating the adoption of good corporate governance code of best practices.
- Mobilization of private sector support for this initiative which will facilitate the sustainable operations of the new institution and its operations.

4.5.7 Implementation

The successful implementation of various strategies suggested under this theme relies mainly on political will among others. Government and Parliament will have to demonstrate that policies and legislations being implemented put the interests of the nation as a priority. It is important to realise that good governance is a prerequisite for the attainment of the medium term expected outcomes in all the first four other themes. Without which the success of the Malawi Growth and Development Strategy will be greatly compromised. In addition, support from civil societies, donors and the public will be key for the achievement of the long term goals and medium term expected outcomes through the strategies suggested in this document.

The maintenance of macroeconomic stability will be achieved through pursuance of prudent macroeconomic policies, obligations and targets as outlined in the Poverty Reduction and Growth Facility arrangement agreed with the International Monetary Fund. Similarly the commitment for fiscal discipline with other multilateral and bilateral financial resources will be paramount. Collaboration with donors and private sector will be enhanced to contribute effectively to the overall goal of maintaining a stable macroeconomic environment.

Public expenditure management is certainly key to macroeconomic stability and will be implemented according to the Public Finance Management Act and Public Procurement Act. The MTEF is still a useful budgeting tool in the medium term, however, there will be a strong emphasis and linkage of the output based budget approach to the Government accounting system.

Elimination of corruption and fraud practices within the Government and Private sector circles will largely depend on the effectiveness of the Anti Corruption Bureau. The relevant Acts will have to be revised to ensure the autonomous nature of the institution and reduce political interference. The implementation of public sector reforms will continue in the medium term. Also important is the regular review of the wage policy reform whose implementation will continue.

The private sector will play the leading role in ensuring the entrenching of good corporate governance in Malawi. However the civil society and public sector are the other stakeholders that will help facilitate successful outcomes of good corporate governance in the medium term.

Again, the implementation of the strategies under justice, rule of law and security call for a collaborated approach among the various stakeholders in the sector. Stakeholders include Government, Law Commission, Ombudsman, Anti Corruption Bureau, Civil Society, the public and donors. This is especially important because of the cross cutting nature of the issues that need to be addressed.

Chapter 5

MGDS IMPLEMENTATION, MONITORING AND EVALUATION

5.1 Implementation of MGDS

The MGDS implementation will involve all stakeholders: Government, Parliament, judiciary, NGOs and all civil society organizations, private sector and the public. The growth and development strategy outlined in this document has been designed to be comprehensive for all the stakeholders to participate in the development of the country. It is expected that donors and co-operating partners will align their support and activities to the MGDS. The main tool for the implementation of the MGDS will be the annual budget through medium term expenditure framework.

The relationship between the MGDS and the budget is central to successful implementation of the strategy. The Ministry of Finance and the Ministry of Economic Planning and Development will ensure that the ministries and government departments prepare their budgets in accordance with the MGDS. The Public Sector Investment Programme (PSIP) will be aligned towards the medium term outcomes and strategies in the MGDS. Budget submissions that either include activities outside the MGDS or exclude activities inside MGDS will be rejected. As the strategy has been developed with active participation of line ministries (see annex for description of consultation process), private sector, civil society and donors, it is expected that the MGDS reflects the sector strategies and approaches best positioned to realize the expected outcomes in the MGDS in order to achieve the longer term vision of the country.

A summary operational table that is presented in Annex 1 has been developed to guide the implementation of the MGDS. The summary table represents the policy framework for the MGDS, providing an operational monitoring tool to complement the impact level monitoring. . The first column includes indicators to directly measure the medium-term expected outcomes. The second column includes intermediate measures (such as outputs) that corresponds to strategies to be pursued in order to arrive at the expected outcomes. The last column present the key actions that will be implemented. The matrix is the best approximation of implementation at this point in time. As conditions change during implementation, progress made against the activities, outputs and medium term expected outcomes will be assessed to determine needed corrections to the strategy. The information will come from line ministries and partners who will be active participants in the implementation and monitoring of the strategy.

To ensure that the MGDS is implemented in partnership, the Government will facilitate thematic teams to review progress. These teams will be cross ministerial and include members of civil society, private sector and donors. Some of these mechanisms are

already established, for instance in the Health Sector or for National HIV/AIDS Strategy. These approaches will serve as models of how to develop cross sector working groups for monitoring and adjusting implementation. The private sector will be included as an active partner in all of the working groups, and especially in building strong dialogue with government on obstacles to private sector led growth.

The successful implemented of the MGDS depends on a number of issues being taken seriously and perhaps being resolved. Stakeholders would have to learn to do things differently for the sake of success of the MGDS. A number of specific implementational issues have been mentioned under the five themes, however, the following have been identified as critical issues that will have to be pursued to achieve the set targets:

- Political will and change of mindset is imperative. Thus Government and Parliament play an important constitutional roles in ensuring that the ultimate objective of operationalising the MGDS is achieved and thus takes the country toward achieving the long-term goals outlined in this document that represents the views of the nation.
- Government will improve donor coordination. There will be need for improved coordination of donor and co-operating partners activities by Government.
- Donors and co-operating partners will be requested to align their support and activities to the MGDS. The Government will lead the dialogue with donors on this alignment and seek to ensure that aid flows are predictable. On its part, government will seek to ensure that resources are disbursed in a timely manner.
- Cross cutting linkages will be established for implementation. There will be need for developing strong inter-sectoral linkages to deal with cross cutting issues that have many facets and require a multi pronged approach.
- There will be need for developing a strong and motivated Civil Service that will ensure that Government remains committed to its policies, targets and obligations which is critical for creating a favourable environment for private sector participation. This is a part of the national strategy as included in the MGDS theme five.
- There will be need for putting in place mechanisms and modalities for implementing activities that require heavy financial investments. These include development of public-private partnerships.

5.2 Monitoring and Evaluation

The monitoring of MGDS will be in accordance with monitoring and evaluation master plan developed by Ministry of Economic Planning and Development, Ministry of Finance, Ministry of Local Government and Rural Development and National Statistical Office. The stakeholders will align indicators in accordance with the MGDS themes and sub themes. A set of impact level monitoring indicators has been developed and is presented in Annex 2. The policy framework in Annex 1 provides a summary of objectives that can also be monitored by line ministries and will be used in the budget discussion processes and reviews of the MGDS to track progress toward the impact indicators during implementation.

ANNEX 1

SUMMARY TABLE : THEME ONE - SUSTAINABLE ECONOMIC GROWTH
 These are complemented by the impact indicators for the goals of Malawi (such as Growth, Poverty Reduction, the MDGs, etc.)

SUB THEME 1. Contribution to economic growth through the sources of growth		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. High Sources of Growth are positioned to realize economic growth in the longer term and increased employment in the medium term		
1a Tourism -- Increased number of tourist (domestic, international) -- FDI in tourism areas -- Occupancy rates of hotels	i. Pricing, service, and quality of industry competitive with region ii. Measure of the quality of parks whether managed by the public sector, private sector, or communities iii. Reach of tourism products to domestic, regional and international markets	-- Establish a Monitoring system for tourist trends and services in Malawi. -- Rehabilitate targeted national parks, game reserves, and wildlife. -- Zone or demarcate all areas with tourism potential along the lake. -- Upgrade roads leading to key tourist attractions to all weather. -- Enforce regulatory framework for standards / quality of tourism. -- Create clear laws and regulation on land access for tourism development and develop guidelines.
1b. Mining Increased production output of mining --- Large and medium --- Small scale Valued added by small scale miners, Reduced environment degradation from mining -- Domestic sales of minerals and mineral products	i. Functioning inst5 setting to promote mining, monitoring standards ii. Compliance by small, medium and large scale mining with environmental and safety standards iii. Increased value added by small scale miners and integration into markets iv. Increase investment by large scale mining	-- Update geological and mineral data acquisition mapping. -- Establish linkages to legitimate market outlet for small scale miners. -- Infrastructure for key mining companies (electricity, water, roads) PPP -- Speed up parliamentary consideration of the mining and minerals policy -- Provide extension services to SSM. -- Review taxation applicable to mining to be competitive in the region.
1c. Garments/cotton: -- Increase production of garments from local cloth	i. Higher yields of cotton supplied by smallholders in short term (due to pre-treated seed) ii Reduced costs of importation	-- Establish a cotton council -- Explore developments at the global level, implications on the sector
1d. Manufacturing: --- Product meet ISO standards -- Increased productivity of labor and machines (total factor productivity)	i. Skills in vocational training, science technology ii. Capacity of bureau of standards iii. Reduced cost of production	-- Integrate science and technology into curriculum. -- Build capacity of Malawi Bureau of Standards to certify rather than rely on overseas certifiers. -- Establish links of improving quality and quantity of raw materials and processors , especially agricultural sector. -- Strengthen adherence to labor protection -- Rework duty drawbacks and rebates, review taxes -- Redefine the roles and responsibilities of support institutions in the sector -- Encourage processing in rural areas, sub-contracting, use of modern technology
2. Core sectors of the economy, agriculturally based, drive growth in the medium term and become increasingly integrated into agro-processing to meet domestic and foreign demand for agricultural products.		
-- Expanded agricultural output (and diversification) -- Increased agricultural exports (and diversification)	i. Tackle common constraints to the agro-processing (see 2b)	--See 2b ... with focus on- Promote irrigation for high value export crops -- Promote large scale agricultural farming
Tea: -- increased varietal selections of tea	ii. Increased profitability of smallholders in tea and value added	--Shift to clonal tea varieties and promote market oriented processing of tea(cost to private sector) -- Factory refurbishment, replanting and irrigation for estates to handle peak production(cost to private sector)

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<i>Tobacco:</i> -- Increased NDF tobacco production and fill gaps in region -- Increased Value added products from tobacco	iii. Tobacco; efficient and fair system between farmers and auction houses	-- Rationalize fees / levies in tobacco for higher farmer incomes -- Revise taxation policy of tobacco. --Strengthen contract farming
<i>Sugar:</i> Increased production of sugar from 260,000 tons pa to 320,000 pa by 2009 (23% increase)		--Intensify out-grower schemes
3 Value added by rural farmers and smallholder toward greater commercialization and competitiveness and smallholder share of productivity		
3a -- Smallholder share of GDP increase 23.6% to 34.9% GDP and agricultural production -- Increased trade volumes of agricultural products- -- Improved competitiveness of products in region	i. Strengthened smallholder linkages to markets (input / output) and to agro-processing --- number of smallholder cooperatives supplying agro-processing industries	-- Increase knowledge and skills for agribusiness for farmers and cooperatives. -- Increase access to markets or to agro-processing firms. -- Target rural roads to increase accessibility and explore relationship of feeder roads and PWP to supply gravel roads -- Develop farmers' organizations. -- Provide market knowledge to farmers through extension services.
3b -- Increased yields of crops including food staples by smallholders with enhanced potential for production -- outputs per hectare disaggregated by major crops	i. Reduced losses from weather shocks (all crops)	-- Increase land under irrigation (irrigation perimeter) -- Use of water harvesting -- Maintain irrigation systems
-- improved soil fertility <i>Land;</i> Improved tenure security and equitable access to land, with an optimal and ecologically balanced use of land and land based resources	ii. Improved use of modern farm practices and inputs -- shift in varietal selection -- shift in mechanization -- increased use of pest resistant or tolerant varieties -- area under low cost soil fertility technologies	-- Reach farmers with extension services -- Source pesticides and spray equipment for migratory pest control, and -- Monitor / forecast outbreaks of migratory pests -- Increase in inputs used by farmers: fertilizer, seeds, etc. (both subsidies and access to credit (theme 5.5))
	iii. Reduced pre and post harvest losses	-- Promote processing and proper handling and storage of agricultural products via extension services
	iv. Decreased soil erosion from farming practices, -	-- Train farmers on low cost soil fertility management techniques through extension services
	v. Customary rights of smallholders are recognized, clarified and secured by appropriate legislation -- Curb land encroachments, unapproved developments, and speculation and racketeering	-- Regularize, title and register land. -- Empower land allocation committees and land tribunals to deal with administration and dispute settlement.
3c. <i>Livestock</i> : decreased imports to meet domestic demand	i. Increased livestock production -- livestock production trends -- Incidence of disease in livestock	-- Put in place strategies to reach potential livestock farmers on markets, -- Strengthen advisory services in the production and marketing of livestock and its products; -- Strengthen surveillance in the control of livestock and crop pests and diseases;
4. Conservation of the natural resource base, increasing productivity and protect natural resources		
4a. <i>Fisheries:</i> Sustained fish availability for food and nutrition security as well as income generation -- maintenance of the fish species	i. Increased productivity of small and large scale -- Communities benefiting from fishery resources -- increase fish farm production -- % provision of animal protein	-- Increase use of modern technology by local communities and private sector for deep water fishing -- Provide fish landing facilities and train communities trained in modern fish processing. -- Train local communities to practice sustainable fishing. -- Develop accreditation facilities for fish export. -- Establish sanctuary areas to protect endangered fish species.
4b. <i>Forestry sustainable use and management</i> -- Private sector manages forest resources for the long term profitability of the sector and sustainability of this natural resource -- forest coverage as % of total land -- reversal in deforestation	i. Improved productivity and value added by the industrial forestry sector, while balancing it with sustainable practices -- increased number and type of value adding wood producing and processing establishments. -- increase private sector involvement in industrial forestry development.	-- Undertake review the sustainability of de-linking the commercially productive component of the industrial forest plantations of the forestry department from the protection and extension forestry components -- Introduce appropriate incentives to promote investment in forest industries -- Registration with international standard bodies

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	ii. Increased reforestation efforts for key areas and improve enforcement of regulations for forestry management -- increase in planting	Reforestation -- South and Central Malawi : Replant and rehabilitate 150, 000 ha softwood and 50, 000 ha of hardwood timber plantations by private producers.
4c. <i>Compliance with natural resource laws</i> -- areas or national parks protected	i. Improved enforcement of environmental policies and legislation	-- Develop environmental standards for soil, water, air, noise with corresponding legislation
	ii. Improved cooperation in environmental management and NRM and development	-- Establish appeals tribunal. -- Establish coordinating committees for biodiversity climate change, POPs, waste etc. -- Harmonize sector-specific strategies for dealing with problems affecting common resources
	iii. Increased awareness of issues of protecting the environment	-- Incorporate environmental concerns in the school curriculum. -- Establish environmental database. -- Undertake information and education campaigns.
	4d Conservation and protection of parks and wild life I increased wildlife animal species	<ul style="list-style-type: none"> ■ Enforce protection of national parks and wildlife ■ Re-introduce threatened and extinct wild animal species.

SUB THEME 2 : Enabling Environment for Private Sector Led Growth		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. Increased business enterprises producing competitive products --- Number of exporting firms to regional and int'l markets --- Benchmarks of the quality and cost of Malawian products in key market segments --- % of goods that meet international standards for market access (ISO, etc.0)	i. Reduced cost for private sector participation, production and logistics for private sector as measured by -- Lower cost of mnf and prod. -- Longer production runs -- Lower time and cost of regulations (time for business start up)	See Theme 4 : Infrastructure (electricity, water, roads) -- Improve priority roads and linkages to major market connections -- Pursue public private partnerships in infrastructure -- see Theme 4 : Infrastructure -- Ensure statutory corporations, bodies and governmental agencies appointed on competence and experience -- <i>Strategies to be defined in the tax review – summary of key policies</i>
	ii. Improved worker productivity and ability of firms to produce quality products -- reduced incidence of occupational hazards and occupational diseases -- relevance of skills of work force (from vocational training, secondary educ, and S&T)	-- Implement occupational protection for labor -- Expand capacity of existing vocational training institutions, including training more instructors in vocational training areas (TEVET) -- Update curriculum and equipment for economic needs (vocational centers and secondary schools) -- Increase enrolment of general education students in vocational programme.
	iii. Increased participation of Malawian entrepreneurs in private sector ventures and access markets --- increased number of Malawian firms that export directly or contribute to exportation from Malawi --- increase number of Malawian firms servicing the domestic market supply	-- Implement programme land titling (see 2b) and introduce reforms in urban land allocation -- Strengthen promotion activities. -- Increase efficiency of one stop shop bringing in outside operations, clarify laws to enable. -- Revise statement of investment policies. -- Provide incentives in a non-discretionary manner. -- Reduce unnecessary delays in processing of land applications. -- <i>see sub-theme 5, economic empowerment for more outputs and actions</i>

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	iv. Increased access to a functioning financial sector, including microfinance -- level of domestic credit for private sector -- number of SMEs receiving financing for 1 st time	-- Support finance institutions in designing differentiated financial products -- Develop/ strengthen the micro-finance sector to serve small scale concerns and as part of the broader financial system -- <i>for microfinance see sub-theme 5</i> — -- Strengthen NEEF and savings campaign. -- Establish an SME Apex institution. -- Maintain capital base for banks.
2. Increased investment for private sector growth -- private investment as a share of GDP disaggregated by domestic and foreign	i. Improved quality of information on opportunities in Malawi for potential investors	-- Produce good promotional materials -- Review investment policy and -- see above incentives -- Develop employment policy(HBI-very crucial)
	ii. Improved perception of the private sector concerning governance / corruption	-- See Strategy Area #5 -- Integrate message of good governance into promotional themes
3. Science and technology is used in provision of service delivery or in improving private enterprises	i. Develop an effective capacity in S&T that can meet the needs of Malawi	-- Strengthen linkages to vocational training -- Determine the best mechanisms for accessing S&T knowledge and optimum strategy to implement -- Promote S&T oriented to value addition in high growth areas (HBI) ---- See Strategies under ICT Area #4

SUB THEME : 3 Food Security

Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. Food is available in sufficient quantities and qualities, at an affordable price, and supplied through domestic production or imports (including food aid). -- measure of the food gap and availability of food stocks of the Malawi Six Food groups (farm level, commercial, and government stocks). -- The volume and stability of the production of foods based on the Malawi Six Food Groups	i. Improved agricultural productivity, livestock, fisheries and increase the variety of food available at the household, national, and community levels --Increased yields of crops including food staples by smallholders with enhanced potential for production --Increased income for small and large scale fisheries and livestock production	<i>Improve access to domestic, regional an international markets.</i> <i>Major outputs and actions to increase agricultural productivity are include in 3b</i> -- Improve reliability of maize and fertilizer markets. -- Predictability of support in maize markets
	ii. Improved importation of foods	-- Establish and enforce phyto-sanitary rules and regulations -- Promote a coordinated approach to commercial import <i>Strategies to improve regional integration and access to food from external markets area 1.4</i>
	iii. Improved coordination and management of food aid and food aid imports. --measures of distribution of food aid to the most vulnerable -- measures of the responsiveness of the food aid to crises	-- Ensure that food aid conforms to the bio-safety and other related legislations -- Manage strategic grain reserve(NFRA) -- Develop a reliable agricultural statistics and an early warning system -- Determine the ability to use PWP or other during times of need for food security -- Develop government ability to distribute food aid and target the most vulnerable -- Promote a coordinated approach to planning and management of food aid
2. All Malawians have at all times economic access to sufficient nutritious food required to lead a healthy life	<i>See strategies under Economic Empowerment</i>	<i>See focus actions under economic empowerment</i>

SUB THEME 4 : Regional Integration

Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
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Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. Increased businesses which are accessing regional markets with competitive products (quality, cost) -- Increase in trade of goods and services both domestically and internationally (trade balance increase from -48billion in 2005)	i. Reduced cost of reaching external markets due to infrastructure -- Reduced lead times on export -- Decreased cost of domestic trucking -- Lowered costs of cross-border and transit trade with neighboring countries -- Lowered transport and handling costs	Infrastructure in place (see theme 4 with investments and sequencing) -- International connections to ports, roads to key regional destinations, improved air linkages -- Harmonize standards for cross border and transit trade with neighboring countries in place -- Enforce regional harmonized standards (eg security issues, transit fees, et -- Reduce impact of domestic trucking cartel and increase access to foreign truckers -- Modify tax structure for transport equipment/services -- Leverage public private partnerships for infrastructure
	ii. Reduced lead times on export and improved efficiency -- Reduced time for cross border processing -- Benchmarked regional initiatives – systems and procedures -- Reduced time for custom clearance s	-- Efficiency of customs and tax administration- and resolution of grievances in the tax administration -- Improve the efficiency in customs and tax including drawback program -- Develop speedy and standardized payment system -- Reduce excessive delays in refunds of tax payments especially surtax payments -- Increase efficiency tax collection -- Harmonize border operating hours with neighbors -- Improve compliance with customs regulation
	iii. Improved marketability of products to international markets -- Meeting ISO standards, and packaging standards	-- Strengthen MBS for national certification -- Start comprehensive SQAM capacity building program -- Develop science, industry and technology in framework of international standards -- ISO9001 enterprises established -- Comply with international certification
	iv. Increased the firms that take advantage of export opportunities	-- Increase information for potential exports for market potentials (HBI) -- Re-orient Malawi Export Promotion Council; -- Export Promotion Council activities adequately co-ordinate export promotion activities -- Establish trade finance scheme -- Reform of the financial sector (subtheme2)
	v. Maximized trade benefits through better knowledge -- measure of the ability to negotiate and direct international trade discussions	-- Upgrade skills of key staff in target institutions (trade related) -- Coordinate ministries and entities involved in trade for origin regimes and issues -- Strengthen analytical capacity for trade policy analysis and implementation -- Establish capacity to regulate liberalization Fair Trade Commission -- Strengthen the ability to negotiate and direct partnerships with international neighbors important to facilitate regional trade -- Liaise with Customs Department to accelerate improvement of customs facilitation at ports and border posts in SADC/COMESA -- Export Promotion Council activities adequately co-ordinate export promotion activities

SUB THEME 5 : Economic Empowerment		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. Increased employment and income from on and off farm activities -	i. Improved the integration of rural communities into the economic market -- reduced domestic transport cost for rural areas	--Targeted linkage for rural integration into markets: Feeder roads, rehabilitation and maintenance -- Strengthen core function of ADMARC in geographical areas which are underserved by the private sector (<i>impleent reform of ADMARC</i>) -- See section 2b for specific efforts to improve smallholder productivity
2. Increased productivity of rural communities / businesses	i. Developed rural cooperatives to lower transactions	-- Identify common community products for production, through one village one product

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<p>and thus their contribution to economic growth</p> <p>--- increase in the ownership by Malawians and their value-added,</p> <p>--- increase in SME profitability</p>	<p>costs of dealing with rural entrepreneurs and collective bargaining</p> <p>-- lower transaction costs (higher margins)</p>	<p>-- Develop a programme that will oversee the establishment of cooperatives in rural areas.</p> <p>-- Provide technical support from private sector programs (related to off farm employment)</p> <p>-- Organize communities to produce outputs or develop local industry</p> <p>-- see strategy area 3 – for HIV/AIDs</p>
	<p>ii. Increased access to micro finance for rural businesses use in productive enterprises</p> <p>-- increase in business micro-finance loans (by men and women) and number that result in successful businesses</p> <p>-- decrease in default rate</p> <p>-- decrease client drop out rate</p>	<p>-- Align loan conditions to enable good business activities (repayment period, frequency, amount)</p> <p>--Develop special programs for women /youth</p> <p>-- Better coordination of donor supported micro-finance programs to decrease market distortions</p> <p>-- Strengthen understanding of micro-finance</p> <p>-- Enhance capacity of courts to handle business cases. (see section on justical reform)</p> <p>-- Encourage financial institutions to design tiered loan packages to provide incentives to borrowers for loan repayment</p> <p>-- Credit Reference Bureau established</p> <p>-- Network of practioners in MFI established</p> <p>-- Improved monitoring and supervision of clients</p>
	<p>iii. Improved business skills are used by rural community businesses-- includes women's skills</p>	<p>--Provide training to all people who borrow for business purposes through the training unit of the NEEC</p>
	<p>iv. Provide opportunities for vocational training</p>	<p><i>See strategy area 1 for vocational training</i></p>
<p>3 Women, youth and the disabled fully participate in the productive economy</p> <p>-- Increase # of women in private and public sector organizations</p> <p>-- Increase # of youth employed</p>	<p>i. Programs for building women entrepreneurial skills and opportunities to participate in the economy developed</p> <p>-- women owned businesses</p>	<p>-- Develop a charter to increase the employment opportunities</p> <p>-- Enhance institutional framework supporting the development of women entrepreneurs</p> <p>-- Train women in entrepreneurial skills and ability to manage businesses</p> <p>-- Institutional framework and legislation is supportive of women's integration to economy</p>
		<p>-- Enforce empowerment act(NBI)</p> <p>-- Improve capacity of the Malawi Council for the Handicapped and other similar institutions that deliver serves to people with disabilities.(HBI)</p>
		<p>-- Vocational training and skills(HBI)</p> <p>-- Youth who gain skills</p>
<p>4. Urban Poor are productively contributing to the economy</p>		

SUB-THEME 6: Land Issues		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
Equitable access to land for various uses including agricultural production and settlement	<p>-- Land tax to discourage hoarding of land introduced.</p> <p>--Viable land markets established</p> <p>--Resettlement and land development programmes intensified</p> <p>--Public awareness on land rights and land policy</p> <p>--Existing land rights, especially customary rights recognized, clarified and secured</p>	<p>--Review of land based legislation for legal and constitutional consistency with the National land Policy</p> <p>--Review and reconcile existing laws to ensure compatibility with the land policy</p> <p>--Develop a carefully structured programme on land administration and land records</p> <p>-- Implement public awareness activities regarding property rights of venerable groups</p> <p>--Register individual and family title to customary land with legal and fiduciary provision for protecting the direct inheritance of property by remaining spouse and children</p>
Enhanced land tenure security Improved livelihoods	<p>--Public awareness on land rights and land markets</p> <p>-- Country-wide land formalization exercise through</p>	<p>--Encourage customary land formalization through titling and registration</p> <p>--Adjudicate land especially in the peri-urban areas</p>

	--Curbed land encroachments, unapproved developments, and speculation and racketeering	--Provide credit to support off farm livelihoods enhancing activities registration and tiling
Sustainable Land Use	--Land Use Policy developed and land use legislation reviewed --Affordable, enforceable planning standards and guidelines --Up-to-date land information in order to assist proper land management --Enhanced coordination with other stakeholders	-- Develop a Land Use Policy and -Review land use legislation --Review of the National Physical Development Plan- --Review the Town and Country Planning Act, planning standards and regulations --Review of planning standards and guidelines for enforcement --Sensitize local communities in aspects of land use planning environment and community land mnngt --Preparation of operation manuals for land use
Improved capacity in the land sector for implementing a National Land Reform Programme	--Necessary capacity for efficient and effective land reform programme implementation --Increased stakeholder participation in the implementation of the land policy. --Cost recovery measures and taxes introduced.	--Develop structured programme on land administration and land records --Procureof modern equipment for surveying, planning and valuation --Review all charges on land services rendered --Lobby for retention of a proportion of user charges
A conducive framework for improved access to adequate housing services	-- Decentralized some functions in housing delivery and management to local authorities --Viable land markets and delivery systems that cater for and protect the interests of the poor and vulnerable groups	--Develop the National Housing Policy -- Lobby Government and stakeholders to appreciate the role of housing in poverty reduction --Review the 1999 National Housing Policy to re-align it to Government policies and protocols --Encourage stakeholders to mobilize resources to meet housing demands, particularly low-income/ vuln --Encourage lending institutions to formulate funding schemes for the most vulnerable groups --Review the draft Building Regulations and Standards, and conduct research in building materials --Promote labour intensive construction methods to generate jobs --Civic education and social mobilization campaigns --Promote and encourage community participation in infrastructure provision and maintenance --Conduct civic education on housing. available housing programmes and/or housing delivery systems. --Encourage communities to form housing and multi-purpose community development cooperatives,

SUMMARY TABLE : THEME TWO - SOCIAL PROTECTION

SUB THEME 1 : Protecting the Vulnerable		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. The most vulnerable with limited factors of production are sufficiently cared as are the vulnerable who can be negatively impacted by economic shocks -- Improved health and nutritional status of under five children, school age children, orphans, pregnant and lactating mothers, destitute families -- poor who are provided opportunities, graduate from programs	i. Efficient and effective support to the most vulnerable with very limited factors of production -- number of the vulnerable who receive support for food and non food items for their upkeep	-- Provide supplementary feeding to malnourished pregnant, lactating mothers, and under five children; -- Sustain targeted school feeding programme to the most vulnerable; -- Expand small stock and grain mills programme for the most vulnerable; -- Introduce conditional and non conditional cash transfers to infirmed, elderly, disabled, orphans, OVCs -- Support the most vulnerable with food and non food items for their upkeep
	ii. Improved planning and integration of knowledge on the chronically poor into planning	-- Practice better prioritization, design, delivery, monitoring and evaluation of social protection and safety net program --Formulate a social protection policy
	iii. Opportunities for the poor to graduate from	-- Provide access to poor farm families to agriculture inputs (see strategy area 1 - 3b above)

	poverty by asset accumulation, increase their ability to be part of agricultural productivity	<ul style="list-style-type: none"> -- Undertake PWP that create high income earning for poor focused on graduating out of poverty (river diversion for irrigation, afforestation, reservoir/dam construction, dykes, roads) -- Enhance non-traditional PWP e.g. brick manufacturing, manure making, bush clearing etc; -- Enable the land constrained poor to have alternative sources of livelihoods -- Provide capital for Income Generating Activities -- Review effectiveness of current public works programs, feeding programs, targeted input programs
SUB THEME 2: Disaster Risk Management		
2. The impact of disasters of the vulnerable is reduced	<ul style="list-style-type: none"> i. Enhanced disaster management planning and response -- timely emergency relief assistance to affected people by disaster 	<ul style="list-style-type: none"> -- Promote integration of disaster management into sustainable development programming at all levels; -- Establish an effective early warning system --- Provide timely emergency relief assistance to affected people; --implement mitigation measures in disaster prone areas.

SUMMARY TABLE : THEME THREE - SOCIAL DEVELOPMENT

SUB THEME 1. Health		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. People have better access and use of qualified care for essential health care issues (TB, Malaria, etc.) ²⁰ -- Decreased cases of preventable diseases -- Reduced rates of disease incidence (TB, Malaria) -- Improved TB cure rates to over 70% -- Improved use of ORT for diarrhea control -- Contraceptive prev. rate (33% 2004) -- ARV treatment regime are followed -- Decrease incidence of Malaria by 50% -- increased vaccination rates (under 1 rate 55% 2004) -- INT coverage (42% 2004)	i. Increased number of qualified health workers in health care centers. -- population/doctor ratio -- population/nurse ratio -- attendance of trained health-workers for births	Human resources -- Increase student intake into medical/health training institutions. (57 trained in MPRS period) -- Provide ARVs to HIV and AIDS infected health workers. -- Provide incentives to health workers at the local level, proper working hours, etc. (salary top ups) -- Develop strategy to sustainably maintain qualified health workers for front line
	ii. Increased availability of drugs at health facilities and decreased theft of drugs -- bed nets at clinics/communities -- Vaccines delivered to clinics/communities	Pharmaceutical and medical supplies -- Improve pharmaceutical and medical supplies,distribution, timely procurement to reach health facilities -- Undertake close monitoring of drug management and utilization. -- Provide bed nets and vaccines at clinics/communities -- Strengthen training capacity in college of medicine for pharmaceutical qualifications.
	iii. Increased access to well equipped health care facilities -- more than 80% of the population live within 5 MK of a health facility	Infrastructure -- Construct new and rehabilitate existing dilapidated health structures: buildings, medical equipment, telecommunication, electricity and water through the facilities development program -- Improve maternity infrastructure (key priority) including buildings, equipment, -- Enforce minimum health standards, conducts in public and private health facilities -- Target roads in some areas where access is difficult through “integrated infrastructure project”
	iv. Improved diagnosis and treatment at health care facilities, especially maternity services	Equipment -- Strengthen equipment maintenance ability in ministry through training, regional and district maintenance units -- Start system of bulk purchasing of spares for most of the equipment needs
	v. Improved flow of resources to health facilities	Finances -- Improve planning. budgeting at all levels through systems development at the central and district level -- Undertake close monitoring of financial flows and usage

²⁰ To achieve the medium term expected outcome the 6 areas in column 4 are necessary. The matrix reflects the Health Sector Support Program (sector wide approach - SWAp)

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	vi. Good monitoring, supervision and utilization of health care facilities developed	Systems -- Provide community level structures (such as village health communities) for support of meeting, training, transport, equipment, etc.)Communities are engaged in health service delivery
2. Central hospitals provide satisfactory level of referral services and able to financial self-sustain	Addressed above	Addressed above
-- Reduce incidence of occupational hazards and diseases	Improved working environment	See strategies under strategy under Enabling Environment for Private Sector led growth Develop health / safety standards /guidelines
3. Reduction in incidence of water born disease -- Reduction in deaths due to diarrhea especially in children under 5 years of age	Enhanced access to safe drinking water (rural, urban) and access to hygienic sanitation facilities (rural, urban)	Introduce VIP latrines and other appropriate rural water sanitation technologies. See strategy area #4 water and sanitation
4. Increase in life expectancy at birth. Reduction in population growth rate.	Improved life expectancy at birth to 45 years. Reduced population growth	Provide comprehensive health services package that include treatment of diseases and infections, wareness programmes and education through Govt and private hospitals.
SUB THEME 2. Nutrition		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures o f the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. Effective utilization of food that encompasses the quality of the food allocated for consumption and the biological utilization of nutrients in the body.	i. Increased adoption of appropriate diet and healthy lifestyles	Encourage families to produce and consume locally found nutritious foodstuffs and to store their food to keep the nutritional content over time – influence cropping patterns
	ii. Control, prevention and treatment of micronutrient deficiency disorders particularly those caused by Vitamin A, iodine and iron deficiencies.	
	iii. Control, prevention and treatment of diseases that have direct impact on nutrition and health status	Train families in utilization of foodstuffs
	iv. Increase access and availability of services and information to prevent consumers from health hazards	
2. Information is used in decision making on policies and program interventions and policies are well coordinated across the various ministries	i. Harmonise and improve Food and Nutrition Security Information Systems (FNSIS) for evidence based interventions	Coordinate food policies, interventions and information dissemination.
SUB THEME 3. HIV/AIDS		
Outcome – Medium Term	Output	Key Actions
High Level Indicators (medium term)	Intermediate Indicators (lower level indicators)	(includes policy change/statement and activities derived from focus actions)
1. Behavior change of at risk groups (targets: migrating laborers, sex workers, youths and women) -- measure of behavior change	i. Knowledge and capacity to practice safe behavior by vulnerable groups.	-- Expand and scale up the scope and depth of HIV and AIDS communication at local level. -- Reduce the vulnerability of Malawians to HIV infection, especially girls and women -- Increase access to quality STI syndromic management, counseling and information. -- Increase district and community level outreach for changing practices
	ii. Uptake of and equitable access to testing and counseling.	-- Promote Voluntary, Counseling and Testing (VCT).and improve the quality -- Expand the scope and coverage of HIV testing and counselling services especially in rural areas
2. Prevention aimed at pregnant mothers take treatment to	i. Quality services for prevention of mother to child	-- Expand the scope, quality and coverage of PMTCT services throughout the country.

prevent transmission -- measure of transmission rate	transmission (PMTCT) of HIV.	
3. Prevention of transmission from blood supply or health facilities (clean needles, etc.)	i. Prevent the risk of HIV transmission through blood products or invasive procedures	-- Increase access to safe blood, blood products and tissue services throughout the country -- Increase availability of adequate infection prevention materials and procedures -- Support communication interventions to increase awareness of infection prevention
4. Equitable treatment for PLHA and mitigate the health impacts for PLHV of HIV/AIDS	i. Increased equitable access to ARVs and drugs for management of HIV related infections.	-- Provide ARVs and nutritious foods to HIV and AIDS infected persons. -- Strengthen an integrated ART infrastructure and logistic systems and a national quality assurance program for ART
	ii. High quality community home based care is used by PLHA including improved nutrition.	-- Expand provision of community home-based care (CHBC) involves all health care providers -- Increase greater involvement of PLHA in planning and implementation of CHBC. -- Increase numbers, capacity of volunteers in provision of CHBC and develop a mechanism for retention of volunteers
5. Minimize the pain, suffering, anxiety and loss of service delivery at the individual, household, community and national levels -- decreased work time lost due to caring for PLHV -- reduced amount of money at the household level needed to care for infected	i. PLHA, OVC, widows, widowers, and the affected elderly benefit from income generating projects and psychological support.	-- Strengthen mechanisms to promote sustainable economic and material support -- Increase advocacy for micro-finance programs -- Strengthen the capacity of IGP groups in business management -- Develop integrated safety net mechanisms to provide a multi-dimensional support package to the most vulnerable (PLHA, orphans, widows, widowers and affected elderly). -- Strengthen capacities of communities and districts to provide psychosocial support
	ii. Protection legal rights of PLHA, OVC, widows, widowers	
	iii. OVCs access to quality services (education, health, water, etc.)	-- Build and strengthen the technical, institutional and human resource capacity of key OVC service providers
6. Effective and efficient implementation of HIV/AIDS response across the public and private sectors	i. Capacity of the public and private sector to mainstream, plan and manage HIV/AIDS interventions is improved	-- Develop a shared and common understanding of mainstreaming in both public and private sectors including civil society—NGOs, CBOs and FBOs -- Increase the capacity of District Assemblies to oversee HIV/AIDS activities in their districts
		-- Improve HIV/AIDS data collection, dissemination and utilization at both national and district levels. -- Use the spirit of the three ones -- Implement strategic approach to research and development

SUB THEME 4. Education - Primary		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
-- Reduced absenteeism to 5% by 2012 at primary -- Reduced dropout by 50% at primary -- Increase private primary school enrolment of children to 2% by 2015 Improved learning outcomes -- Mastery levels (proficient reading and proficient writing) (skills at higher level)	i. Increased equitable access to quality primary education -- Increased net enrolment to 95% by 2012 at primary from 115 in 2005 ii. Improved the quality of primary education -- reduce pupil to qualified teacher ratio from 73% in 2004	-- Expand and improve existing infrastructure and maximize its use (including overlapping shifts) -- Reduce primary school cycle to 7 years from 8 years -- Undertake social awareness campaigns and whole school development -- Introduce school feeding Programme (School health and nutrition) -- Train teachers, provide attractive terms / conditions, especially to go to rural area, & professional development -- Provide adequate supply of teacher learning materials and a child friendly environment -- Improve overall management and monitoring of inspection, supervision and advisory -- Mobilize community participation in primary school management

-- Primary school completion rates for girls (41% in 2004), repetition rate for girls (18.8% in 2004) -- Reduce girls absenteeism, repetition and drop out rates order to improve girls learning outcomes	iii. Primary education equitable to girls -- proportion of girls in school (50% in 2005)	-- Review policies related to girls and special needs -- Provide block grants to schools to address equity issues
	iv. Increased access to quality primary education by special needs students	-- Review policies related to orphans, other vulnerable children and SN Education -- Establish a college for special needs teacher education -- Provide direct assistance to schools to address equity issues (relevant textbooks, brail, etc.) -- Design and standardized sign language for the deaf and dumb
	v. Increased the relevance of school curriculum	-- Continually revise and improve the relevance of the curriculum to include academic and non academic needs of pupils and the effective orientation of teachers – introduce PCAR curriculum
	vi. Improved the management and planning of primary education	-- Provide in service training and incentives to school managers, inspectors and senior teachers -- Equip school planners with appropriate knowledge and skills in micro-planning, monitoring and data management

SUB THEME 4. Education - Secondary

Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
-- Reduced absenteeism by 50% by 2012 in secondary -- Increased net enrolment from 30% to 50% by 2012 in secondary -- Reduced dropout to 5% in secondary Improved learning outcomes in secondary -- Mastery levels (reading and writing) (skills at higher level) -- Reduce girl dropout rate to 5% -- Reduce repetition rate by 5% - Reduce girls absenteeism by 50% -- Improved girls learning outcomes	i. Increased access to secondary education	-- Identify and rehabilitate all existing dilapidated school facilities, construct new schools -- Introduce double shifting in urban schools – each division identify schools for double shifting. -- Increase access to secondary distance education and open learning at secondary level -- Draw and sign a memorandum of understanding with private school association of Malawi to provide high quality education.
	ii. Improved quality of secondary education -- Student-qualified teacher ratio to be at x:1 in all secondary schools and CDSS (from 1:20 in 2004)	-- Train and supply adequate number of qualified teachers and improve terms and conditions -- Up-grade under-qualified teachers through in service education -- Improve effective regulation, inspection and supervision of public and private schools. -- Upgrade CDSS to conventional secondary schools.
	iii. Improved equity in secondary education	-- Provide girls friendly environment in particular, accommodation in all secondary schools. -- Increase bursaries for the needy secondary students -- Provide female secondary school teachers as models
	vi Increased access to quality secondary education by special needs students	-- Improve and increase Special Needs Education facilities in existing colleges. -- Review policies related to orphans, other vulnerable children and SN Education -- Provide block grants to schools relevant to special needs
	v. Improve relevance of secondary education -- Post primary education revisited and curriculum revised by 2010	-- Introduce and implement curriculum responsive to needs of individuals and the nation by including academic and non-academic subjects. -- Provide trained guidance consellers to all secondary schools. -- Introduce science and technology into the curriculum
	v. Improved management of secondary education	-- Train school managers in planning, monitoring and supervision. -- Improve the procurement and distribution of teaching and learning materials. --Improve District Educational Management Information System (DEMIS) -- Improve education planning and equip planners with knowledge and skills in planning, monitoring and data management, including monitor the delivery of supplies in the schools

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	vi. Improved financing mechanism of secondary education -- --All Schools functioning as cost centers --Efficient and transparent financial systems in place	-- Improve flow of funds and train managers in financial management in public schools. --Establish School development funds in all schools --Consistent flow of funding to public schools --Implement cost sharing at schools --Train school managers in financial management
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SUB THEME 4. Education - Tertiary

Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
Increased undergraduate enrolment by 40% -- Increase post graduate enrolment ration to 10% of the undergraduate student population (in take 7,400 in 2005)	i. Increased undergraduate and postgraduate intake	-- Recruit and train more adequate staff (50% at current levels, 70% at Master's level, 30% at PhD level) -- Develop new, parallel programmes (eg triple shifts), distance/virtual learning, and short courses. -- Develop a student financing policy including a student loan scheme. -- Promote local production of teaching and learning materials. -- Expand provision of internet services Broad band internet access established campus wide.
Increased by 5% female enrolment by 2010 (girl participation 31% in 2005)	ii. Improved equity education for girls -- 30% bed space on campus for females by 2010 -- 40% recruited staff associates are female by 2008	-- Create an enabling environment to accommodate female students. -- Implement affirmative action for student selection -- Encourage girls to complete secondary schools by providing improvement in the secondary -- Develop a strategy for regional approach to supplying tertiary education to special needs students
	iii. Improved quality of higher education	-- Provide training PhD level to existing staff, provide training to new staff and establish external quality control and accreditation -- Develop comprehensive policies on research and development. -- Provide adequate teaching and learning materials.
Improved curriculum to respond to national needs	iv. Relevant academic materials	-- Provide relevant skills to academic staff through regular training of staff. -- Conduct regular curriculum reviews to match national needs and modulate courses --Provide labs with adequate modern equipment
	v. Improved management of higher education -- education council for higher education developed	-- Provide trained personnel in management. -- Decentralize decision making processes -- Implement effective staff deployment policy -- Improve procurement and distribution system and monitor delivery of supplies -- Establish planning units and equip planners with appropriate knowledge and skills in planning, monitoring and data management -- Strengthen financial management

SUB THEME 5. Gender

Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)

<p>-- Enhanced participation of women and men, girls and boys decision making and economic activities. -- Reduce gender inequalities (as measured by disaggregated access to services included in other parts of the strategy). -- proportion of seats held by women in Parliament (15% 2005), in decision making positions (12.9% 2005), gender Development Index (.396 in 2003)</p>	<p>-- Mainstream gender in national development process</p>	<p>Strengthen institutional capacity for effective co-ordination of gender policy implementation. Undertake affirmative action to increase women decision makers in high levels of the public and private sectors. Include gender equality provisions in the Malawi Constitution. Break the cultural/traditional factors that create and perpetuate gender inequalities <i>Specific strategies to increase womens access to services, and participation in economic activities are included in the related areas of the matrix (Theme 1 sub-theme 5; Theme 3 sub-theme 4, Theme 1, sub-theme 2). These include : education, access to finance and business training, women owned businesses)</i></p>
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SUMMARY TABLE : THEME FOUR - INFRASTRUCTURE

SUB THEME 1. Transport		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
<p>1. Improved mobility and accessibility of the population to key road corridors within Malawi and out of Malawi and facilitate the continued development of the country’s rural areas</p>	<p>i. Road Network: all unpaved roads from fair to good condition by the end of the five-year period : -- 71 % of the road network in good condition, -- 18 % in fair condition, 11 % in poor condition. -- Decreased number and severity of road accidents</p> <p>ii. Border posts</p>	<p>-- Strengthen capacity of autonomous Roads Authorities to maintain the road network -- Fuel levy in line maintenance threshold for 5 yrs -- Maintain urban road networks and reduce # of timber deck bridges to zero for rural roads --Include environmental impact assessments (EIAs) in construction and rehabilitation of roads -- Develop an integrated approach to road safety #1 -- Review the road traffic act and its use for road safety issues, undertake awareness campaign -- Strengthen the supervisory capacity for road safety on all existing roads and -- Coordinate the various enforcement players in the road safety area</p> <p>-- Create one stop border post on all major transport corridors -- Harmonize country’s highway code, road signs, signals and axle-load regulations within the region; -- Involve private sector in the monitoring and operations of road transport services -- Implement appropriate road user charges;</p>
<p>2. Improved mobility and accessibility of rural communities to goods and services in the rural areas</p>	<p>i. All weather access to rural areas, increased use and ownership of non-motorized and motorized means of transport</p>	<p>-- Improve coordination of rural transport initiatives and local capacity to construct and maintain -- Assist DA’s with planning tools, GIS systems to target rural roads -- Supervise rural transport to enforce appropriate standards for the construction and maintenance -- Foster ownership and use of motorized and non-motorized means of transport</p>
<p>3. Inland shipping network is active in local and international shipping, trade and tourism in a safe manner while protecting the environment</p>	<p>i. Efficient and productive maritime transport system that meets national and regional requirements</p>	<p>-- Provide navigations and hydrographic charts -- Review concession agreements. for inland shipping; -- Port facilities rehabilitated and maintained in line with modern shipping through commercialisation, privatisation and public private partnerships (PPP)</p>
	<p>ii: Promote marine safety and enviro’l protection</p>	<p>-- Prevent, control or combat pollution and strengthen the marine search and rescue</p>
	<p>iii: Increased participation by Malawi in international shipping “White List.”</p>	<p>-- Establish international shipping line and negotiate with Mozambique on ports -- Strengthen the national maritime administration -- Resuscitate the National Shippers Council and maintain selective membership in intl organisations</p>
<p>4. Obtain smooth carriage of cargo in one transport chain</p>	<p>i. Improved the coordination of all modes of transport</p>	<p>-- Initiate dialogue with neighbouring states to accede to the Multimodal Transport Convention; -- Harmonize all legislation and document on transport and customs with SADC/COMESA -- Publicise Multimodal Transport and INCOTERMS by mounting a series of seminars -- Establish and maintain a national transport forum</p>
	<p>ii. Updated Inland Waters Shipping Act and strengthened legal instruments.</p>	<p>-- Review and update all legislation on a regular basis</p>

5. Attain and maintain a competitive, self sufficient <i>and sustainable</i> civil aviation environment that ensures safety in accordance with national and international standards and enables the provision of services in a reliable and efficient manner	i. Competitive, sustainable and efficient air transport industry with a view of stimulating economic growth	-- Implement the Yamoussoukro Decision 2000 on African Air Transport Policy and other conventions that may be deemed of benefit to Malawi; -- Encourage technical and commercial joint ventures and marketing efforts in airline industry -- Ensure local participation in equity and technical partnerships of airlines; and -- Establish where feasible autonomous airport or Civil Aviation authorities.
	ii. Safe, efficient and reliable aviation infrastructure	-- Construct targeted landing strips for tourism related areas -- Institute and monitor maintenance programmes for both aerodromes and aviation equipment; and -- Promote participation of Private Sector in the maintenance/ provision of safe aviation infrastructure
	iii. Improved infrastructure for security for passengers and cargo.	-- Strengthen safety and security measures at all airports; -- Strengthen security enforcement provisions in the Aviation Act. -- Ensure infrastructure and operations do not negatively impact the environment
6. Provide well-managed, viable and sustainable railway system that promotes accessibility and safe, affordable, reliable movement of goods and people including disabled)	i. Improved operational efficiency and commercial viability of railway companies	-- Identify the bridge that need to replaced on the rail line (private sector) -- Provide reliable locomotives (government and concessionaire) -- Review the railways act
	ii. Improved levels of service to all users including people with disabilities at an affordable cost;	
	iii. Improved railway safety and environmental protection	-- Prevent adverse environmental effects of rail construction and ensuring that the infrastructure is environmentally friendly

SUB THEME 2. Energy		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. Reliable and sustainable energy supply and increased access -- reduction in outages (brown outs, black outs) -- increased access from the current 6% to 10% by 2010 and 30% by 2020 -- biomass-commercial energy mix target of 75% - 25% is set for 2010 and 50%-50% by 2020 difficult to achieve in the medium term	i. Efficient in generation, transmission, distribution and utilization of energy. -- minimum generation capacity increased local to 1000 MW -- power supply is connected to the Southern African Power Pool (SAPP)	-- Rehabilitate two more stations for power distribution and complete the ones under construction (e.g. Kapichira power station), and upgrade existing ones. (Nkula A and B) -- Engage in interconnection with Mozambique and rehabilitation of existing power generating (2007) -- Rehabilitate and expand the transmission and distribution --Protect the catchment area along the Lake and Shire River (cross reference to forestry where it will be implemented and requires coordination) -- Reduce the cost of connection by using affordable connection nand metering methods (e.g. use of pre-wired boards and pre-parid meters) -- Prepare a plan and delineate implementation responsibilities for the reduction of siltation in reservoirs and protect catchment area to Lake Shire -- Explore alternative energy sources (gas, coal, solar, etc.) and -- Implement Pumped Storage Power Plant at Livingstonia (longer term)
	ii. Target electrification for mining, irrigation, business, tourism, and other economic activities that would stimulate economic growth	-- Integrate electrification planning with investment planning and planning for transport, water and ITC.
	ii. Improved financial viability of key utilities and reduced parastatal losses.	-- Accelerate the establishment of the Malawi Energy Regulatory Authority -- Improved management of ESCOM, fair pricing and affordable rates (Reform electricity tariff structure and levels) and improve the financial and operational performance of ESCOM -- Implement framework for private sector to operate with the Government (PPP)to finance in the electricity (institutional framework, etc.)

<p>2. Rural communities use alternative energy supplies for power in under served areas</p>	<p>i. Increased access to sustainable energy systems</p>	<p>-- Accelerate the Rural Electrification Programme (increase resources, promote development of micro hydro power stations and use of coal energy for off grid power supply, to promote grid and off-grid rural electrification by public and private providers -- Expand network to rural growth centers; -- Create awareness of the use of renewable energy (solar, wind, biomass, and micro hydro)</p>
<p>ii. Managed energy related environmental impacts</p>		
<p>SUB THEME 3: Water Supply and Sanitation</p>		
<p>Outcome – Medium Term Expected</p>	<p>Output Corresponds to the strategies to move to outcomes</p>	<p>Key Actions</p>
<p>Direct measures of the medium term expected outcomes</p>	<p>Lower level outputs and indicators to measure progress</p>	<p>(includes policy change/statement and key activities derived from focus actions)</p>
<p>Basic water requirements of every Malawian are met while the country's natural ecosystem is enhanced -- increase access to potable water within 500m distances for all people (66.3% in 2005) -- quality of water -- increase household access to sanitation (82.7% 20050)</p>	<p>i. Sustainable and integrated water resource management and development through more efficient and effective practices</p>	<p>Water Resource Management -- Empower national authority to manage using IWRM approach and establish monitoring systems including the establishment and maintenance of a register of all actors in water and sanitation, conduct research to establish resource potential and guides -- Promote water resource conservation, harvesting and protection in an integrated manner including development of small community and large dams (conservation areas defined) -- Proactively advocate management of water resources and incorporate local governments and communities in planning and management of water supplies and sanitation -- Recognize and implement obligations to international agreements -- Create enabling environment for public private partnerships in water supply & sanitation -- Revise water resources act of 1969 and water works act -- Provide incentives for LA to promote community water-shed rehabilitation programs</p>
	<p>ii. Improved quality of surface and ground water and a system for pollution control</p>	<p>Water quality and pollution control -- Establish database on water quality -- Improve skills, technologies techniques in water quality monitoring and pollution control and advance water pollution control (catchment rehabilitation, determining water quality) -- Strengthen institutional arrangements for environmental management -- Develop and disseminate guidelines and standards on water quality and pollution control -- Provide TA to local government and stakeholders on water quality and pollution control -- Develop national water and sanitation services regulatory framework</p>
	<p>iii. Improved sustainable access to water supply and sanitation in urban, peri-urban and market centers.</p>	<p>Urban, Peri-Urban and Market Centers -- Establish water supply and sanitation systems using demand responsive and driven approaches -- Establish contingency water supply reserves and sanitation backup -- Strengthen and support water utilities by establishing effective institutional setting -- Promote mngmt arrangements in urban areas – provide incentives for small scale providers</p>
	<p>iv. Improved sustainable access to water supply and sanitation in rural areas</p>	<p>Rural Water Services -- Adopt demand driven and responsive approaches in provision of water, san with O & M. -- Integrate rural water supply and participatory hygiene and sanitation transformation -- Promote diversification of technologies for provision of water and sanitation policy -- Ensure smooth transfer of devolved functions of rural water supply and sanitation services</p>
	<p>v. Reduction or prevention of marine pollution from navigation vessels and plans</p>	<p>Navigation Services -- Conduct inspections of waste disposal systems, and at point of entry to prevent weeds -- Prevent oil spillages and leakages -- Ensure appropriate environmental safeguards at ports</p>

	-- manage and develop waterways that do not encourage cross transfer of aquatic life
vi. Fishery services do not adversely affect water resources	Fisheries Theme One Sub theme 4 -- Harmonize and enforce fisheries and water resources legislation, provide data and information
vii. Increased investment in water resources from energy sector	Hydro-Power Generation -- Participate in multipurpose investment, water catchment management
viii. Improved use of water and coherence with water management polices for irrigation purposes	Agriculture and Irrigation Services -- Promote participation of MOIA in IWRM and harmonize policies relevant to water mngmt. -- Encourage MOAI to provide water needs and demand for data collection (HBI)

SUB THEME 4: Information, Communication Technology

Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes - 1 Increased technical skills and updated knowledge are used by public and private sector institutions -- improve access to the nation’s limited health facilities and resources and to	Lower level outputs and indicators to measure progress i. A reliable, fast adaptive and robust national ICT infrastructure.	(includes policy change/statement and key activities derived from focus actions) -- Modernize the operations of the health delivery system (theme three sub theme one) -- Support the provision of up-to-date global and local tourism information (theme one sub theme one) -- Promote the deployment and exploitation of ICTs to support the activities of the agricultural sector -- Equip the Department of Meteorological Services with modern weather monitoring, forecasting equip. -- Equip the Ministry of Water Development with modern water level monitoring equipment. -- Equip DAs with ICT services for collection and dissemination of environmental, disaster warning info -- Establish a wide area network for all organizations involved in disaster management. -- Provide radios to communities to be used for transmitting early warning messages. -- Establish communication link between DA and the Department of Poverty and Disaster Management
	iii. Developed and enhanced ICT industry.	-- Enact appropriate legislation that promotes and participation in the information age and economy. -- Create a working and efficient government wide area network (GWAN). -- Develop ICT infrastructure in rural communities -- Encourage collaboration between local and international educational institutions to facilitate educational exchange and the promotion of ICT education and training.
	v. Improved access to ICTs to all communities.	-- Promote local and foreign investment, innovative production, R&D and diffusion of ICTs – private sec. -- Promote development of a Competitive Value-Added Services Sector through ICT -- Support the development of an innovative local industry for the manufacture, assembling, repair and maintenance of ICT products for domestic and export markets.
		-- Achieve universal basic ICT literacy and improve the level of ICT literacy in the country. -- Improve public access to information and services to facilitate business and administrative processes to increase productivity and economic growth. -- Promote active participation of all Malawians including women, youth and persons with disabilities in developing the information society.
-2 Increased access to communications	i. Expanded coverage/network ii. Expanded and distribution of radio and TV communication -- increased working lines (78,000 in 2005)	<ul style="list-style-type: none"> ■ Continue liberalization of telecommunications sector ■ promote a private sector driven radio and communication sub-sector. ■ Expand the coverage and distribution of accurate and timely information and news. ■ Develop radio and TV broadcast infrastructure.

SUMMARY TABLE : THEME FIVE - GOOD GOVERNANCE

SUB THEME 1. Macro-economic Stability		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
Stable macroeconomic characterized by -- lower inflation, -- interest rate, -- sustainable debt service and -- stable real exchange rate	i. Improved public expenditure management. -- Status of 25 indicators on Public Expenditure and Financial Management (includes HIPC indicators)	-- Enforce adherence of line ministries and parastatals to Public and Finance Management Act – no provision of extra budgetary funding for the ministries. -- Negotiate multilateral debt write-downs. -- Strengthen the capacity of Treasury’s Public Expenditure Monitoring Unit. -- Improve financial management systems and skills to operate them MoF, Accountant General
	ii. Improved predictability of donor financing. -- aid flows --	-- Receive better donor aid assistance projections and improve funding flows. -- Strengthen the capacity of Debt and Aid Management Division to better co-ordinate donors and manage aid inflows. -- Negotiate with donors an action plan for harmonization, alignment and better aid coordination (possible mechanism through the Paris Declaration).
	iii. Improved economic environment for private sector borrowing and investment. -- see Theme One – Sub theme 2	-- Undertake tax reforms to improve the incentives for household saving and investment and the equity of tax administration. -- Enforce adherence of line ministries and parastatals to Public Finance and management Act – no provision of extra budgetary funding for the ministries.
	iii. Value-addition and reduced import content in existing export products, develop new export products with high potential for domestic value addition.	-- See strategies for economic growth, specifically regional integration and enabling environment for private sector led(HBI)
	iv. Reduced risks of shocks on the economy (eg. transport costs, food shortages, increases in import prices). v. Increase private sector investment.	-- See theme one – and theme four
SUB THEME 2. Public Sector Management		
Outcome – Medium Term Expected	Output Corresponds to the strategies to move to outcomes	Key Actions
Direct measures of the medium term expected outcomes	Lower level outputs and indicators to measure progress	(includes policy change/statement and key activities derived from focus actions)
1. The performance of the civil service is more transparent -- management decisions based on evidence -- responsive to national aspirations -- facilitates economic growth and pro-poor approach to service delivery	i. Capacity of public sector to formulate, implement and monitor the public policy and manage the Malawi Growth and Development Strategy -- -- statistical capacity score	-- Transparent appointment and promotion of personnel based on merit and performance. -- Implement pay reforms, address recruitment and retention problems, implementing performance management systems, and non-salary incentives. -- Control size and cost of public sector and focuses them on its priority areas, including donor funding for the public sector. -- Enforce human resource policies and systems. -- Articulates vision of its priorities for the public sector, including relationship with decentralisation, and implements them through annual budget. -- Implement the Monitoring and Evaluation Roadmap (includes coordination of donors, national statistical plan, etc.)

<p>2. Reduced corruption and fraud</p>	<p>ii. Transparency and accountability for service delivery -- corruption cases prosecuted</p>	<p>-- Increase the number of specialized lawyers (fraud, etc.) for corruption cases. -- Improve the ACB's and Auditor General's reporting and accountability to Parliament. -- Enforcing greater clarity on separation of roles between Ministers and PSs. -- Develop and implement national anti-corruption strategy addressing root causes of corruption and involving public and private sectors. -- Strengthen the media capacity through training and access to and distribution of public inform. <i>Also see #3 on public awareness</i></p>
<p>3. Public is well informed to participate in national development and has an enhanced participation in socio-economic activities</p>	<p>iii. Effective and well managed division of responsibility between central and local government, the private sector and NGOs for the provision of services to the public</p>	<p>-- Implement realistic decentralization plans – see that section <i>See strategy theme give subtheme three</i></p>
<p>4. Parliament constructively engages in the national development process, as outlined in the constitution (public sector is held accountable for how funds are spent)</p>	<p>i. Citizen access to timely and accurate information that is easy to understand</p>	<p>-- Establish an effective e-government information system. (see theme four sub-theme four) -- Establish community information centers. -- Promote professionalism of media that delivers politically impartial news coverage -- Enact access to information legislation to allow media access to public information. -- Enact public service broadcast legislation</p>
<p>5. Free and fair elections</p>	<p>i. Strengthen parliamentary committees and parliament</p>	<p>-- Select legislators with relevant skills and knowledge into Committees. -- Provide adequate financial resources for functioning of the Committees.</p>
<p>SUB THEME 3. Decentralization</p>		
<p>Outcome – Medium Term Expected</p>	<p>Output Corresponds to the strategies to move to outcomes</p>	<p>Key Actions</p>
<p>Direct measures of the medium term expected outcomes</p>	<p>Lower level outputs and indicators to measure progress</p>	<p>(includes policy change/statement and key activities derived from focus actions)</p>
<p>1. More transparent, accountable and effective local government and better planning</p>	<p>i. Devolution of resources and authority to local governments deepened</p>	<p>-- Complete sector devolution to districts. -- Expand local revenue generating capacity -- Build institutional capacity at the districts. -- Strengthen operational links between decentralization policy and national policy frameworks and the role in policy making</p>
<p>2. Improved community participation in local government</p>	<p>ii. Empowerment of local communities</p>	<p>-- Train communities for active participation in development activities at the district. -- Define clear roles of all groups of stakeholders at the district.</p>
<p>SUB THEME 4. Justice, Security and Rule of Law</p>		
<p>Outcome – Medium Term Expected</p>	<p>Output Corresponds to the strategies to move to outcomes</p>	<p>Key Actions</p>
<p>Direct measures of the medium term expected outcomes</p>	<p>Lower level outputs and indicators to measure progress</p>	<p>(includes policy change/statement and key activities derived from focus actions)</p>
<p>1. More responsive and effective judicial authority which enables all people to obtain effective protection and redress, dispenses justices equitably, speedily and affordably to all -- Reduce the costs of bringing cases to court. Speed up procedures in the courts -- Decrease backlog</p>	<p>i. Contemporary, applicable and relevant laws conforming to the Constitution and international applicable law and meeting national needs. -- Timely drafting and enactment of new legislation. -- Timely enactment of reviewed laws.</p>	<p>-- Undertake periodic review and reform of laws and procedures in light of constitutional provisions and applicable international law; -- Acknowledge customary laws and practices that are not in conflict with principles of human rights and the constitution; -- Review and simplify legal language to ensure a comprehensible justice system; -- Strengthen and streamline the legislative drafting process.</p>

<p>-- Reduce delays in passing court judgments</p>	<p>ii. High level of professional conduct across the SSAJ sector.</p> <p>iii. Effective informal justice system equally accessed and protecting people.</p> <p>iv. Consistent, acceptable and equitable application of customary law in traditional courts.</p> <p>v. Mechanisms for settlement of disputes through mediation, conciliation, arbitration, and negotiation.</p>	<p>-- Enact and implement legislation to ensure duty bearers enforce their functions and powers professionally.</p> <p>-- Increase the intake and training for various legal professional groups including specialized field;</p> <p>-- Appoint judges based on merit.</p> <p>-- Continue the Civil Service Reform Programme to retain legal professionals in the civil service.</p> <p>-- Increase number of court centers close to police stations and main trading centers.</p> <p>-- Review primary and informal justice initiatives;</p> <p>-- Design policies and mechanisms for consultation and cooperation between formal and informal justice sector players and to improve enhanced accountability of primary justice agencies to the public;</p> <p>-- Facilitate the development of record-keeping systems</p> <p>-- Provide primary justice and dispute resolution training for traditional leaders</p> <p>-- Develop and disseminate clear policies on the judicial role of traditional courts and the status and enforcement of their rulings.</p> <p>-- Design a programme for reviving traditional courts including an appropriate training element.</p> <p>-- Review forms of alternative dispute resolution and identify the most appropriate forms</p> <p>-- Establish information linkages between the police, courts, prisons. (piloted at one point- penal reform was coordinating) to improve case flow</p> <p>-- Promote dialogue through court user committees</p>
<p>2. All people are safe from violence in their homes and communities and their property secure</p> <p>-- Reduced level of crime and fear of crime</p> <p>-- Fair, humane, respects human rights, equal access to justice, non discriminatory</p>	<p>i. Effective and harmonized approach to crime detection, investigation and prevention;</p> <p>-- timeliness to scene of crime</p> <p>ii. Physical structures and infrastructure that facilitate safe and accessible service delivery and provision throughout the SSAJ sector in accordance with international norms.</p> <p>iii. Strategies for the rehabilitation and reintegration of offenders;</p> <p>iv. Low levels of crime.</p> <p>v. Partnership for risk management between private sector and police for protection of life and business assets.</p> <p>vi. SSAJ sector's ability to manage and obtain resources.</p>	<p>-- Design inter-agency approaches to prevention of crime.</p> <p>-- Recruit and train more police to reduce high police-population ratio.</p> <p>-- Recruit and train police personnel – both in traditional training and specialized areas including forensic support.</p> <p>-- Develop partnerships between the police and the local communities and local accountability of the police to the community, including civic education.</p> <p>-- Provide safe, secure and appropriately designed building stock.</p> <p>-- Rehabilitate sub-standard structures (including addressing utility provision) to an acceptable standard.</p> <p>-- Encourage community ownership of installations and community participation in maintenance.</p> <p>-- Modify training programs to direct toward rehabilitation of prisoners</p> <p>-- Improve case management (legal)</p> <p>-- Develop linkages with other programs for ex- convicts to be part of the productive sector</p> <p>-- Control proliferation of firearms (with NGOs to set up national focal point to deal with issues of illicit trafficking and firearms)</p> <p>-- Conduct drug control programs (awareness raising through faith based organizations)</p> <p>-- Amend the immigration act.</p> <p>-- Introduce national registration and identification system.</p> <p>-- Establish joint programs with companies and communities to tackle issues of anti-vandalism.</p> <p>-- Integration of police protection into industrial site plans.</p> <p>-- Educate Malawian establishments on the benefits for risk management for protection of assets.</p> <p>-- Develop Private Security Policy and Act that provides standards for inspection of private security firms.</p> <p>-- Generate funding support from Government and development partners.</p> <p>-- Develop a harmonized approach to budget formulation, presentation, allocation, distribution and accountability.</p>

<p>3. The sector is supportive of the priorities of government in MGDS</p>	<p>i. Efficient and business-friendly legal and regulatory framework and commercial court system</p>	<p>-- Allocate resources between sector institutions effectively to achieve the sector mission. -- Review, and where appropriate reform, business and commercial-related laws. -- Create a fully functioning commercial division of the High Court.-- -- Review rules of procedure as they apply to commercial cases and enhance the role of the Small Claims Courts. -- Design and implement a strategy to address the administration and distribution of deceased estates.</p>
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ANNEX 2

SELECTED IMPACT INDICATORS

MGDS THEME and SUB THEME		KEY INDICATORS	Baseline – 2005	Target for 2011	Main responsible party	Frequency of data collection
Poverty Impact	1	Headcount				
		Extreme Poverty headcount				
Theme I : Sustainable Economic Growth						
Sources of Growth and Diversification	1	GDP growth by sources of growth				5 years
	2	Composition of the Economy				5 years
Private Sector	3	Forest area as % of total land				
	1	% of GDP from private investment				
	2	Increase # of businesses (disaggregate Malawian, international)				
Food Security	3	Non formal education / training graduates formally employed or self employed				
	1	Hunger (number of meals per day per person)				
	2	% of food secure households				
Regional Integration	3	Per capita food availability				
	1	Trade Balance				
	2	Trade in goods and services				
	3	Exports as % GDP disaggregated by rural / urban areas				
Economic Empowerment	4	Level of trade tariffs,				
	1	Gini coefficient				
	2	Increase employment				
	3	Real income per capita –				

MGDS THEME and SUB THEME		KEY INDICATORS	Baseline – 2005	Target for 2011	Main responsible party	Frequency of data collection
Theme II : Social Protection						
Protect Vulnerable	1	Socio-economic indicators for vulnerable				
	2	Beneficiaries of households from social programs				
Disaster Mngt	1	Decrease impact of disasters				

MGDS THEME and SUB THEME		KEY INDICATORS	Baseline – 2005	Target for 2011	Main responsible party	Frequency of data collection
Theme III : Social Development						
Health	1	Life Expectancy				

	2	MMR				
	3	IMR				
	4	Under 5 mortality rate				
	5	Malaria cases per 1000 people				
	6	TB per 1000 people				
	7	Fertility rate				
Nutrition	1	Prevalence of under 5 child malnutrition (stunting, underweight)				
Gender	1	Women in decision making positions				
		Gender development index				
HIV/ AIDS	1	Prevalence 15-49 - -- women, -- girls				
	2	Incidence 15-49 – women, girls				
	4	Quality of life of those with HIV/AIDs				
Education	1	Literacy				
		Female literacy				
	2	Secondary – Employment				
	3	Number of qualified professional				
		Completion rates in primary school				
		Qualified Teachers/pupil ratio				
		Net enrolment rate				
		Gross enrolment				

MGDS THEME and SUB THEME		KEY INDICATORS	Baseline – 2005	Target for 2011	Main responsible party	Frequency of data collection
Theme IV : Infrastructure						
Transport	1	P1 index of Transport				
	2	Improved connectivity of rural communities to markets				
	3	Lead time on exports due to transport				
	4	Number of accidents				
Energy	1	Reduced costs of manufacturing levels from electricity				
	2	Number of new towns connected to electricity				
	2	Electricity usage				
Water Supply and Sanitation	1	Access potable water				
	2	Access to sanitation				
	3	Water borne disease rate				
Telecommunications	1	Number of people with phone coverage, reduced cost of communication				
ICT	1	Number of personal computers				

MGDS THEME and SUB THEME		KEY INDICATORS	Baseline – 2005	Target for 2011	Main responsible party	Frequency of data collection
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Theme V : Governance					
Macro-economic Stability	1	Inflation			
	2	Real exchange rates			
	3	Debt service as % of total Government expenditures			
	4	Fiscal deficit in relation to GDP			
	5	Predictability of donor financing / aid flows			
	7	Interest rates			
	Public Sector Mngt	1	Quality of service delivery		
		Law enforcement (perception)			
		Political Will and mindset (fulfilment of plans/policies in place)			
Corruption	1	Reported corruption cases effectively prosecuted			
	2	Improved investor confidence			
Decentralization	1	Sectoral devolution (number of sectors fully devolved)			
	2	Community participation in decision making (perception)			
Justice /Rule of Law	1	Prosecution rates			
	2	Reported human rights violation cases effectively prosecuted			
	3	Access to justice for citizens			
Security	1	Crime rates			
	2	Police/population			
Corporate Gov.	1	See SOCAM			

ANNEX 3: LIST OF PEOPLE CONSULTED

Malawi Growth and Development Strategy List of Participants to Consultation Meetings

Name	Organisation
Korea Garden Consultation Meeting 13th June 2005	
Mrs P. Zimpita	OPC
E..phiri	OPC
Y.E.B. Kamphale	Ministry of Water Development
A.C.K.Kutengule	Ministry of Water Development
L..L. Loti	Home Affairs
S. Malenga	MEPD
Jes Nkhoma	Mines Natural Resources and Environmental
F.R. Phiri	Department of Mines
C.J. Mpasu	MIPA
Miss M. Sibweza	MIPA
P.R. Lungu	OPC
K.S. Chisale	Ministry of science industry and technology
C.C. Nyirongo	MEPD
D.W.L. Kazembe	Ministry of Agriculture
J. Mtaya	Ministry of Agriculture
H. Mwamlima	DoPDMA
A. Kautuka	DoPDMA
T.G. Chirwa	Ministry of Education
S. Ngulube	MLHS
R. Record	MTPSD
H. Chipungu	MEPD
R. Chakhame	Ministry of Local Government
P.C. Bota	Department of Information
E. White	World Bank
Sostern Lingwalanya	Malawi Department of Tourism
Kenyata Nyirenda	Ministry of Justice
Brian Manda	Ministry of Transport
Andrew Nyirenda	Ministry of Defence
Stuart Sindani	Ministry of Transport
Charles Kambauwa	MEPD
Ben Botolo	MEPD
Rodwell S. Mzonde	MEPD
D.W Kazembe	Ministry of Agriculture
F.S. Chatsalira	Ministry of Youth sports and Culture
McIlloyds C. Msasata	Ministry of Youth Sports and Culture

Malawi Growth and Development Strategy

T.M Kaunda

Mines Natural Resources and Environmental Affairs

MIM Consultation Meeting 17th June 2005

Charles Kambauwa	MEPD
Fanny M'bawa	MEPD
Clement C. Nyirongo	MEPD
Hastings Chipungu	MEPD
P.R. Lungu	OPC
P.C. Mboti	National Parks & Wildlife
F.R. Phiri	Department of Mines
E.K. Mphande	Ministry of Gender
A.C. Kutengule	Ministry of Water Development
Jollam Banda	Ministry of Trade
P. Le Grand	Ministry of Education
T. Chirwa	Ministry of Education
D.A. Nkhoma	MoH
L.S.C. Siwande	NRA
Jes Nkhoma	Mines Natural Resources and Environmental
Matilda Sibweza	MIPA
Andrew Nyirenda	MoD
D.W.L. Kazembe	MoA
Hastings Bota	MLGRD
Andrew Kautuka	DoPDMA
Richard Record	MTPSD
S. Sindani	MOTPW
Harry Mwamlima	DOPDMA
Davidson Chirwa	MoIGT
T.M Kaunda	MMNRE
Shadrick Malenga	MEPD
Joyce Maganga	MOLVT
Brian Manda	MOTPW
Sosten Lingwalanya	Ministry of Information
Chimwenwe Mpasu	MIPA
S.K. Chisale	Ministry of Industry science and Technology
E. White	World Bank
Melloyds C. Msasata	Ministry of Youth Sports and Culture
George Harawa	Ministry of Environmental Affairs
Lameck Kutha	Ministry of Water Development

MIM 3 Day Consultation Workshop 18th -20th July 2005

S.K. Chisale	Ministry of Industry Science and Technology
Patricia D. Zimpita	OPC
Betty Chinyamunyamu	NASFAM

Malawi Growth and Development Strategy

Elliot Phiri	OPC
Harry Mwamlima	DoPDMA
Steve Banda	Ministry of Finance
Clement C. Nyirongo	MEPD
Rodwell S. Mzonde	MEPD
George Zimalirana	Ministry of Agriculture
Sosten Yobe Lingwalanya	Department of Tourism
C.L Kaferapanjira	Chambers of Commerce
Lackson M.B. Kapito	NABW
Frank C. Ngalande	CAMA
Alick C. E Sukasuka	MIPA
Andrew Nyirenda	Ministry of Defence
Billy Kandeya	ADMARC
Victor Mhone	Cisanet
Mercy Mbamba	Cisanet
Kester Kaphaizi	DoPDMA
Kondwani Gondwe	Ministry of Labour
Brian Ng'oma	Ministry of Labour
Lewis B. Mhango	Department of Energy
Dr H. Somanje	Ministry of Health
Siwande L.S.C	NRA
Edson K. Mphande	Ministry of Gender
Jollam Banda	Ministry of Trade
Yona E.B. Kamphale	Ministry of Water
Owen M. Kankhulungo	Ministry of Water
Stuart Sindani	Ministry of Transport
K. Simwaka	RBM
P.S. Makwinja	ACB
Patrick Kanyimbo	Ministry of Trade
L.V. Nkhoma	Ministry of Trade
DR. M.A.P. Chikaonda	Press Corporation Limited
Brian Manda	Ministry of Transport
Davidson H.S. Chirwa	Ministry of Information
Brian Mtonya	Nation Action Group
Hastings Chipungu	Ministry of EPD
Fanny M'bawa	Ministry of EPD
T.M. Kaunda	MMNRE
Sadwick L. Mtonakutha	Malawi Chambers of Commerce
George Dambula	PAC
Phileas Chienda	MARDEF
Olive Chikankheni	DISTMS
Miriam Kaluwa	NAC

Malawi Growth and Development Strategy

John Chipeta	NAC
J.E.S Nkhoma	Ministry of Mines, Natural Resources
A.T. Ntandika	Ministry of Labour
E.d. Kadzongwe	Ministry of Labour
Donald Kebabe	Civil Society Coalition for Quality Basic Education
V.F. Msiska	Department of Forestry

Donors Meeting 22nd December 2005

Daphne Casey	UNDP
Mary L. Lewellen	USAID
Peter Kulemeka	UNDP
Gerad Van Difer	WFP
Blessings Mwale	WFP
Etta Mmangisa	UNDP
Milika Kalyati	EC Delegation
Thomas Baunsgaard	IMF
Mr Gisy	GTZ
Lawrence Latin	GTZ
Leif. B Sauvik	Norwegian Embassy
Bodo Immink	GTZ
Elizabeth White	World Bank
A. G. Nkhoma	FAO
Rob Rudy	DFID
Roger Wilson	DFID
Francis Zhuwao	Ministry of Finance
Levie Jeremiah Sato	IMF
Adebayo Fayonin	UNICEF
Miss N. Thseole	South African High Commission
Dr Wilfred Goertler	GTZ
Harvey T. Mwanza	UNFPA

Targeted Focused Meetings 14th - 15th September

Themba Chirwa	Ministry of Education
Christina Chide	Ministry of Education
Mr Kalanje	Ministry of Health
Victor Lungu	Ministry of Transport

Drafting Workshop Participants

E.K. Mphande	Min. of Gender
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Malawi Growth and Development Strategy

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Kelvin Banda	Ministry of Economic Planning and Development
Malumbo Gondwe	Ministry of Agriculture
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Mabvuto Bamusi	Malawi Economic Justice Network
Betty Ngoma	Ministry of Finance
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First Draft Consultation Meeting at Cresta Cross Roads

Hotel 16th December 2005

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Sosten Yobe Lingwalanya	Dept of Tourism
Hiroyuki Moronaga	: JICA
Tom Mtenje	JICA
Takayuki Uchiyama	: JICA
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Matshdiso Moeti	: WHO
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Dr Biziwick Mwale	: NAC
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Augustine Bobe	: UNDP
G. Zimalirana	: Agriculture
Colleen Zamba	: UN Millennium Project
C.C. Mapapa	: PAC
Stanley Zawanda	: Information Department
Chombo Zebedee M.K.S	: Information Department
Dagrous Msiska	: Department of Tourism
R.S. Tsoka	: Statutory Corporations
Dr. Juan Ortiz	: UNICEF
Mr K.E. Kaphaizi	: Poverty & Disaster Management
Lilian Okwirry	: Plan Malawi
Mavuto Bamusi	: MEJN
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C.L. Kaferapanjira	: MCCCI
Burton C. Phiri	: Consumer Association of Malawi
Dr Aubrey H. Mvula	: Decentralization Secretariat
William Taliaferro	: US Embassy
Carolin Polilman	: German Embassy
Valerie Young	: CIDA
B.K. Kandeya	: ADMARC
Joson Agar	: National Action Group Secretariat

Malawi Growth and Development Strategy

Ian Olar Pettessen	: Norwegian Embassy
Esperance Funding	: UNFPA
Aida Girma	: UNICEF
Girman Haile	: UNICEF
R.F. Kavinya	: EP & D
H.M. Mbale	: ECAM
Patrick Victor Kachimera	: Industry Science and Technology
Charles Chikapa	: MBC
Steve D. Matenje	: Ministry of Justice
A.G. Nkhoma	: FAO
Phileas Chienda	: MARDEF
Leif B. Saurik	: Norwegian Embassy
Asma Zubairi	: Ministry of Education
Bob E.R. Chilemba	: Department of Information
George Lwanda	: European Commission Delegation
Timothy Shawa	NASFAM
Eddie Limbamba	: WHO
George Jerome Kamba	: Ministry of Finance
T.R. O'dala	: Ministry of Foreign Affairs
Elias U. Ngongondo	: Development and People with Disabilities
Levie Jeremiah Sato	: IMF
Grace Milner	: Ministry of Education
P.C. Kamwendo	: EP&D
Ben Botolo	: EP&D
C.C. Nyirongo	: EP&D
Kelvin Banda	: EP&D
Hope Chavula	: EP&D