

# CONTENT-BASED 2004 ELECTIONS

## A Socio-Economic Framework

### “CIVIL SOCIETY MANIFESTO”

MALAWI ECONOMIC JUSTICE NETWORK  
(MEJN)



Promoting Participatory Economic Governance in Malawi

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## **FOREWORD**

*We, in the civil society, affirm our solid commitment to uphold the principles and values of democracy, which all Malawians of good will and intention fought for and attained through a national referendum on May 14, 1993. In doing this, we take a pro-active role by putting forward this manifesto as a framework for our activities and those of any government to come. We, therefore and rightly so, occupy our legitimate space between the people of Malawi and the state. As a portion of the critical mass, we base our motivation and attitudes on the principles of critical citizenship and draw our inspirations from the core tenets of social, economic and political justice.*

### **Objectives of the Manifesto**

The main objective of this manifesto is to guide the civil society and the Malawian populace to focus on socio-economic issues and ideologies (rather than personalities) in choosing and, thereafter, supporting and assessing their government. Specifically, the objectives of the Manifesto are:

1. To enable the civil society and the general public examine and critically analyze the promises of the government-in-waiting;
2. To enable the civil society and Malawians realistically evaluate the performance of the government of the day;
3. To equip the civil society and the Malawian populace with policy issues around which they should support and assess government; and
4. To divert popular focus from region, tribe, religion and personality based electoral and political campaigns and, instead, dwell on national values, issues, policies and institutions of public governance;

### **The Principle of Critical Citizenship**

This *Civil Society* manifesto has been written with a view that the civil society is a critical mass of citizens with powers to construct or call for a rearrangement of any government of their choice. In

order for the civil society to be well informed in its judgment of the performance of any government and to provide constructive input; or for that matter, to critically assess any ruling party or coalition or alliance that will come to pass in the state of Malawi, guiding principles are a prerequisite. To construe this judgment presupposes that the society is made up of critical citizens. Thus the principle of critical citizenship is at the heart of the manifesto; critical citizenship that thrives on free flow of information and transfer of the requisite knowledge on the Malawi political economy. Government is defined and perceived as *a trust* in which the governed are the *beneficiaries* and the governors are the *trustees* and that the governed and the governors are bound together by *social contract*. In this contract, whatever the trustees (those in power) do, this must be in the best interest of the beneficiaries (the people) failing which the beneficiaries reserve the right to invoke their residual powers and dissolve the trust through peaceful means (elections). Thus, governments that satisfy the needs of the people are upheld, while those that fail to live to the expectations of their citizens (beneficiaries) may be voted out of power. This is in line with the fundamental principles of our Constitution, which dictate that

*all persons responsible for the exercise of powers of State do so on trust and shall only exercise such power to the extent of their lawful authority and in accordance with their responsibilities to the people of Malawi;*<sup>\*</sup>

and that

*the authority to exercise power of State is conditional upon the sustained trust of the people of Malawi and that trust can only be maintained through open, accountable and transparent Government and informed democratic choice.*<sup>\*\*</sup>

Critical citizenship accepts the necessity of government but insists that it is the *quality* of government, and not the quantity, that determines political obligation on the part of the citizenry. That is to say, governments have the potential to either abuse, exploit or benefit the citizenry. It is because of this that the citizens have to be aware that not all laws are just laws, not all authority is

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<sup>\*</sup> Section 12(ii) of the Constitution of the Republic of Malawi.

<sup>\*\*</sup> Section 12(iii) of the Constitution of the Republic of Malawi.

legitimate authority and not all public institutions serve the common good. Therefore, it is neither *super-patriotism* nor *anarchism* that will build just, accountable and democratic states but *critical citizenship* that holds governments accountable for their deeds.

Governments *must* serve the common good and if they don't, critical citizens owe them no obligations. In fact, critical citizens, under dubious circumstances, have the moral duty to *resist* unjust laws, bad public policies, inhumane public authorities and oppressive or exploitative public institutions that do not serve the *national interest*.

<b>Word</b>	<b>Definition</b>
Trust	Mutual public arrangement whereby there is an express agreement that government (as a trust) shall only be given (entrusted) to elected officers, through a fair electoral process, who shall, in turn, administer it in the best interest of the beneficiaries/owners (the people)
Social contract	The agreement upon which the ruled (the people) give consent for the rulers (leaders) to rule them for specific benefits
Anarchism	The attitude that does <i>not</i> support and recognize the existence of government
Super-patriotism	The fanatical attitude that supports any course of government or that of political party [s] without questioning

## **ACKNOWLEDGEMENTS**

This Civil Society Manifesto is based on several documents and publications not all of which can be mentioned here. Significantly, the manifesto derives a lot of substance from the Malawi Poverty Reduction Strategy Paper (MPRSP), some civil society training modules and several books, monographs and reports listed in the bibliography.

Without the material, moral and financial support of Open Society Initiative for Southern Africa (OSISA) this civil society manifesto would not have materialized. The expertise offered by Mr. Nixon S. Khembo of Chancellor College, University of Malawi, and Mr. Perks Ligoya of the Economists Association of Malawi (ECAMA) in their capacity as consultants to MEJN has been the intellectual treasure of this manifesto and their commitment to this project has proved to be tremendously invaluable.

Most of all, the leadership of Mr. Mavuto Bamusi, the Deputy National Coordinator and Mr. Collins Magalasi, National Coordinator of MEJN respectively have made the production of this manifesto possible. Overall, the credit goes to the Malawi civil society under MEJN for generating ideas both for the manifesto and the entire socio-economic governance project for poverty reduction, socioeconomic development and a progressing Malawi with values of good governance and democracy.

## ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
BOP	Balance of Payment
CCAS	Credit Ceiling Allocation System
CCS	Commitment Control System
CISANET	Civil Society Agriculture Network
CSCQBE	Civil Society Coalition for Quality Basic Education
CSO	Civil Society Organisation
EP&D	Department of Economic Planning and Development
ESAF	Enhanced Structural Adjustment Facility of the IMF
EU	European Union
FA	Field Assistant
GDP	Gross Domestic Product
HESSEA	Household Expenditure and Small scale Economic Activities
HIPC	Highly Indebted Poor Countries
HIV	Human Immuno Virus
HPI	Human Poverty Index
IHS	Integrated Household Survey
IMF	International Monetary Fund
IMF	International Monetary Fund
MASAF	Malawi Social Action Fund
MCP	Malawi Congress Party
MDHS	Malawi Demographic and Health Survey
MEJN	Malawi Economic Justice Network
MEJN	Malawi Economic Justice Network
MPRS	Malawi Poverty Reduction Strategy
MPRSP	Malawi Poverty Reduction Strategy Paper
MPRSP	Malawi Poverty Reduction Strategy Paper
NEC	National Economic Council
NSO	National Statistics Office

OSISA	Open Society Initiative for Southern Africa
PAP	Poverty Alleviation Programme
PIF	Public Investment Framework
PPE	Protected Priority Expenditure
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PRSP	Poverty Reduction Strategy Paper
PSIP	Public Sector Investment Programme
SAP	Structural Adjustment Programme
TIP	Targeted Input Programme
TLM	Teaching and Learning Materials
TWG	MPRSP Thematic Working Group
UDF	United Democratic Front
UK	United Kingdom
UNDP	United Nations Development Programme

## INTRODUCTION

Civil Society Organisations (CSOs) are very interested in the unfolding political developments in Malawi. In particular, the organisations are concerned with the socioeconomic aspects of the forthcoming general and presidential elections on 18<sup>th</sup> May 2004. In full collaboration with all its network members, the Malawi Economic Justice Network [MEJN] has prepared these guidelines to help voters make informed choices based on socioeconomic issues, development and poverty reduction. In doing so, the civil society would like to make the electoral process responsive to the aspirations of the Malawi poverty Reduction Strategy (MPRS). In the same vein, it is the expectation of the civil society that all the parties and individuals vying for political office will look at the contents of this manifesto as a glossary of the major issues of concern that the civil society would like to be resolved by whatsoever political party or whosoever wins the general elections. In this respect, it is paramount that the elections should be issue-driven and not based on personalities and regional affiliation, as has unfortunately been the case during previous elections. The Malawi Economic Justice Network (MEJN) is therefore very optimistic that the initiative, which has been demanded by the civil society and communities themselves, will serve a useful purpose to make the forthcoming elections more meaningful to the lives of the many Malawians who would like to see their poverty reducing. The civil society would like to see politicians who transform promises into actual poverty reduction and development. Malawians would like political parties to present feasible programmes that will lead to tangible socioeconomic transformation. The disillusionment towards politicians who promise but never deliver is more pronounced among the poor population whose standard of life has deteriorated in recent times. The issues brought up in this manifesto have unanimously been endorsed by the civil society, through the various programmes coordinated by MEJN, as those that will need urgent redress by the aspirants of political positions following the elections.

We in the civil society present in this manifesto our ideas of what the government of the day, or indeed the government-in-waiting, in Malawi should seek to address and deliver for the people of Malawi. This civil society manifesto is our framework that must guide all aspirants of political office and a guide for the electorate to help them in focusing on critical policy issues other than personalities. The manifesto is our yardstick for measuring whether or not the government of the

day has lived up to the expectations of Malawians; and/or whether or not the government- in – waiting holds any sound promises for the future of Malawians and their society. Furthermore, it is a framework for mobilizing political, financial and social capital for poverty reduction and national development.

## 1. SOCIAL AND ECONOMIC PROGRAMS

### 1.1 The Public Policy Framework

1.1.1 The general objective of public policy in Malawi shall be to increase public participation, accountability and ownership. The public policy framework shall create an equitable and fair environment for efficient delivery of public services and goods to all Malawians regardless of gender, race, religion, political affiliation, ethnicity, tribe and regional locations.

1.1.2 The government of Malawi shall pursue credible public policy alternatives as frameworks for poverty reduction and national development that does not only benefit the rich-few but the majority poor as well. Development shall be a product of comprehensive and participatory national plans; well-coordinated activities envisioned to achieve the aspirations of all Malawians regardless of social, political, religious, ethnic, regional and tribal differences. Public policy shall be based on empirical findings of well-planned and comprehensive research for development that is never an *accident*.

**Public policy is what government plans *to do or not to do* in order to solve any problem affecting society and its people. It is an instrument which government to legitimately deliver services and goods to the people.**

1.1.3 The civil society, and the community at large, will participate in setting the public policy agenda; own and support the implementation of the agenda, and ultimately lobby stakeholders to adopt and implement it. The government of Malawi, therefore, shall be open to the civil society at all levels of the public policy cycle from the civil service, cabinet, parliament and the judiciary.

1.1.4 Public policies are essentially about people. It is the people that give governments mandate to formulate and implement public policies through an

electoral process aimed at addressing problems that affect them and their societies. It is, therefore, imperative that the policies that government put in place reflect the people’s aspirations and needs. The best way to achieve this objective is to allow the people themselves to participate in government policy processes such as budgeting, poverty reduction, education, health, food security, taxation, decentralization, democratization, agro-industrialization and many others.

**2. SOCIAL PROGRAMS AND THE PRINCIPLE OF SOCIAL JUSTICE**

All social programs shall be guided by the principle of *social justice*. Social justice denotes *equity* and *fairness* in control, distribution and use of the means of production anchored in the economy and the polity. Tenets of social justice point to the fact that it is important to enlarge the size of the national cake, but even more so is the way that cake is shared among all those claiming legitimate entitlements to it. A country may achieve remarkable economic growth but if the way the benefits of that growth is shared among the people is skewed in favor of the rich and the powerful, prospects for socio-economic development will remain a myth. Economic whirlwind will have a positive impact on poverty, employment and development if the underlying principles in the economy are girded by tenets of social justice. Thus, when public policies put in place by government have the effect of making the poor to become poorer and the rich to become richer there is no social justice and a government that pursues such policies in the name of democracy is not a “government of the people, for the people and by the people”.

Common sense, therefore, demands that the people be empowered to demand social justice if the rationale that government is a social construct put in place for the *common benefit* of the people is to be crystallized. Citizens of Malawi, in other words, have to be *critical* about their public officials, public authority and public institutions whose legitimacy to exist and mandate to function derive from the express *consent of the citizenry*.

<b>Word</b>	<b>Definition</b>
Common benefit	Benefit given to the people without discrimination. The

	best instrument for distributing common benefits are public/government policies
Consent of the citizenry	The agreement of the people to be ruled or governed for common benefits and interests

## 2.1 Education

2.1.1 Education is *not* a privilege but a right to all Malawians.<sup>1</sup> Government shall, therefore, perform the obligation of providing quality education to all the citizens and residents of Malawi at all levels namely primary, secondary and tertiary. Primary education shall be *free* and *universal*. As part of educational policy integration, government shall strive to address the underlying impediments to the attainment of education vis-à-vis poverty, cultural stereotypes, and environment issues. The education policy shall be made available to the people and the civil society for their views as a way of promoting the critical citizenry in the education policy framework.

2.1.2 Quantitative indicators that only focus on the number of pupils/students enrolled per year, and not the quality, accessibility and affordability of education shall not be emphasized. To achieve this objective, government shall:

2.1.2.1 Exercise a cautious mandate on the liberalization of the education sector so that affordability and quality are not compromised and that the poor are not provided for with low quality education;

2.1.2.2 Monitor private sector providers of education to ensure quality yet affordable education by all Malawians;

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<sup>1</sup> “All persons are entitled to education” – section 25(1) of the Constitution.

- 2.1.2.3 Exercise affirmative action on the poor of the poor in society seeking to attain education by encouraging them to attend free primary schools and provide social safety nets for them to afford secondary and tertiary education such as loan schemes;
- 2.1.2.4 Provide adequate classrooms and other necessary infrastructure;
- 2.1.2.5 Provide adequate teaching and learning materials in good time;
- 2.1.2.6 Invest in civic educating parents/guardians on issues of children and education;
- 2.1.2.7 Eliminate administrative hitches within the education sector such as ghost teachers and ghost schools; and
- 2.1.2.8 Ensure that there are enough well remunerated and motivated teachers and other personnel in the education sector.

## **2.2 Health**

Government shall provide primary and secondary health services to those Malawians who need the services timely, appropriately and most effectively. The provision of affordable and accessible basic health services shall be based on need and not the capacity to afford such services. To achieve this objective, government shall undertake the following:

- 2.2.1 Exercise a cautious policy of liberalization on the health sector. Services shall be readily available to the poor and that affordability and quality shall not be compromised to such an extent where the poor are provided with poor health facilities;

- 2.2.2 Monitor private providers of health services to ensure quality and yet affordable and accessible health services to all Malawians;
- 2.2.3 Motivate and retain productive health workers;
- 2.2.4 Improve supplies of drugs and medicines in public hospitals and clinics;
- 2.2.5 Rejuvenate institutions such as Medical Stores with an aim of curbing drug pilferage and ensuring that at least all basic drugs are in stock all the time;
- 2.2.6 Improve infrastructure and equipment in the health sector; and
- 2.2.7 Strive to set up half-fee paying clinical centers for fundraising as a way of reducing donor dependency and stimulate competition among private providers of primary health care. This shall however be done bearing in mind that the poor should still be beneficiaries from fees and taxes paid by the wealthy elite and that Government still delivers the social roles to its people.

### **2.3 Food Security**

- 2.3.1 The right to be free from hunger is a fundamental human right stated in the International Covenant on Economic, Social and Cultural Rights (ICESCR) of 1996 and has been reaffirmed in many pronouncements of the international community over the last 50 years. It is a recognized fact and right that a well-fed nation is also a productive nation. It is imperative that citizens should afford reasonable standard of living adequate for the physical, mental, spiritual, moral and social development.
- 2.3.2 The 1998 Integrated Household Survey (IHS) revealed that 65.3 percent of the population couldn't afford two square meals per day all year long. There has

been increased dependency on imported maize because there are no incentives for local producers to increase their production. The disincentives are so many, including, prices too low for them to recoup their production costs, high cost of inputs (fertiliser), lack of markets for agricultural outputs, unstable exchange rate, high cost of borrowing (interest rates), lack of credit facilities, unequal distribution of land, and poor rural road. The trading of maize by NFRA and ADMARC lacked transparency and has cost the nation a lot of taxpayers money. The exportation of maize to Kenya and Zimbabwe at different times of need for the local population was robbing Malawians of the right to be free from hunger. The electorate should be looking for solutions to the increased food insecurity by vetting the promises made by politicians. The Manifestoes of the contesting parties should include feasible and long-lasting solutions to the problem.

2.3.3 In our opinion, Malawi should be a net exporter of food and should not be a dumping ground for food aid. Because of lack of proper planning, food aid has brought about a spirit of increased dependence on free food. By bringing about an imbalance in the supply and demand of food, food aid has worked as a disincentive by depressing domestic prices. Furthermore, flooding in the lower shire and in other parts of the country are an annual occurrence that necessitates interventions of food aid. Government should devise a way of doing away with “disasters” that are known in advance and can be predicted.

2.3.4 Agriculture shall be a priority for government budgeting. The thrust of government policy on education shall be the mechanization of agriculture to move away from the hoe and rain-fed agriculture to modern ways of farming. Agricultural infrastructure such as roads and markets shall remain the social functions of government. To achieve food security, government shall do the following:

- 2.3.4.1 Exercise a cautious liberalization policy on farm inputs and the entire agriculture sector;
  - 2.3.4.2 Retain and perform all its social functions in the agricultural sector;
  - 2.3.4.3 Mechanize agriculture by introducing modern farming technology to both small holder and large scale farmers to boost agricultural productivity and food security in the country;
  - 2.3.4.4 Provide market incentives for agricultural produce;
  - 2.3.4.5 Maintain and efficiently manage national food reserves by, among other things, ensuring that managers of food reserves are not political appointees only but that professional and academic merit should be the overarching criteria for selection and appointment;
  - 2.3.4.6 Promote agricultural diversification from maize to other cash and food crops such as potatoes and cassava; and
  - 2.3.4.7 View and support agriculture as the backbone of the national economy linked to other sectors of the economy such as agro-industry, finance, technology and manufacturing.
- 2.3.5 There have been squabbles between ADMARC and NFRA because of the lack of clarity surrounding the roles of each one of the two institutions. NFRA was given a very onerous function of managing the Strategic Grain Reserves (SGR) but was not capitalised enough and does not have the capacity to distribute relief maize. The silos and the storage depots cost a lot of money because it (NFRA) was paying ADMARC for the use of the depots.

2.3.6 The position of the civil society on the future of ADMARC is very clear. ADMARC plays a very important role in safeguarding food security for the rural poor living in remote areas. It is very uncomfortable to note that a Bill was passed in parliament in December 2003 for the commercialisation (a step towards privatisation) of ADMARC without taking into account the views of the people and opposition MPs, and without including steps for implementing social roles as well as the institution to take over the social functions that ADMARC has been playing. The civil society is totally against the way ADMARC was commercialised without any respect for the opinions of the people. Any political party and individuals aspiring to govern this country should have the food security interests of all poor Malawians at heart and explain in no uncertain terms how ADMARC is going to be handled and who will be responsible for implementing the social functions that it has been doing over the years.

## **2.4 Infrastructure**

2.4.1 The poor infrastructure in Malawi has hampered development in many sectors due to the ripple effects arising from lack of markets, long distances to walk to hospitals and schools and poor communication with the rest of the world. This has not been in line with the aspirations of all Malawians as expressed in the Malawi Poverty Reduction Strategy Paper [MPRSP]. Funding towards rural feeder roads has not been sufficient and the national budget has allocated small amounts to this activity than what the MPRS has recommended while higher levels of funding have been made to non-priority expenditures. The civil society would like to urge aspiring holder of political office to improve funding towards rural feeder roads and PPEs in general.

2.4.2 The construction and maintenance of national infrastructure such as roads, bridges, telecommunications and public buildings shall be the responsibility of government. These infrastructural utilities shall be constructed and maintained

in an accountable and transparent manner. To achieve efficiency and accountability, government shall strongly commit itself to:

2.4.2.1 Give communities and local government institutions bigger space in public decision making;

2.4.2.2 Set up a board responsible for infrastructure to award contracts for all public infrastructure in the country;

2.4.2.3 The infrastructure contract awarding board shall be accountable to parliament;

2.4.2.4 The chairperson [s] of the board shall be appointed, disciplined and/or dismissed by a committee of parliament; and that

2.4.2.5 Once dismissed, the committee shall have the right of appeal to the High Court against the decision of parliament.

## **2.5 HIV/AIDS**

2.5.1 Government shall put in place a framework for dealing with the HIV/AIDS pandemic or revitalize the current HIV/AIDS policy so that it reflects the participatory policy process. HIV/AIDS shall be taken seriously by all agents of government, public and private officials, civil society, the church and traditional authorities. Government policy on the HIV/AIDS pandemic shall incorporate the following areas:

2.5.1.1 Fight against stigma on HIV/AIDS victims;

2.5.1.2 Invest in research for HIV/AIDS care, treatment and vaccines;

2.5.1.3 Invest on HIV/AIDS prevention campaigns;

2.5.1.4 Invest in special HIV/AIDS infrastructure and equipment;

2.5.1.5 Invest in HIV/AIDS impact mitigation;

2.5.1.6 Merge Ministry of health and population and ministry of HIV/AIDS;

2.5.1.7 Mainstream HIV/AIDS into all government departments; and

2.5.1.8 Clearly specify roles by government ministries, departments, civil society organizations, international organizations and community in the fight against HIV/AIDS.

## **2.6 Poverty**

The government shall tackle poverty using a multi-pronged approach. The fundamental purpose of all political, social and economic policies and programs in the country shall be to reduce poverty and expedite national development. Linear and isolated efforts such as the provision of starter packs or free primary education may not fully achieve this objective. Thus, in tackling poverty government shall pursue holistic, integrated and multifaceted policy options. The MPRSP shall be implemented in full and shall *not* be politicized. The implementation shall take into account relevant reviews and recent concerns raised by stakeholders; civil society and communities.

## **2.7 Land Policy**

- 2.7.1 Land is one production factor that is very unequally distributed in Malawi. About 1.6 million families operating under customary land tenure cultivate just 1.8 million hectares while 3,000 estates own about 1.1 million hectares of suitable agricultural land. 80 % of the core poor own less than 0.5 hectares. Such a land holding size is by no means adequate to sustain a decent livelihood. However, nearly 32 % of the total arable land in Malawi remains unutilised due to regional imbalance, weak institutions to support land tenure and an undeveloped land market. Currently about 400,000 hectares of estate land and another 400,000 hectares of public or quasi-public land are unutilised (World Bank, (CEM), 2002).
- 2.7.2 The National Land Policy was adopted in 2002 with the aim to ensure land tenure security, equitable access to land and reduced land degradation while the special Law Commission on Land Reform was established in March 2002 to formulate a new Land Law that will provide legal backing on the Land Reform Process. The draft Bill was supposed to be ready in March 2004 but this has been delayed due to delays in funding.
- 2.7.3 The Ministry of Lands has only succeeded to purchase 13 estates for redistribution to the land constrained households. Meanwhile, modalities for changing the status of the land acquired from private land to public land so that resettlement programme can start are underway. However, 450 farm families have already been resettled at Makande Estate in Thyolo District. The other purchased estates are in Mangochi, Mulanje, Machinga, Salima, Dedza, and Chiradzulu. With the recent approval of a \$27 million grant by the World Bank for the implementation of the land resettlement programme, it is hoped that the process will be enhanced. The MPRSP has targeted to redistribute 14,000 hectares of land among 3,500 land constrained farm families.
- 2.7.4 There are very serious capacity constraints in terms of human resources, infrastructure and equipment. According to the needs assessment conducted

by DANIDA in 2002, there is a total deficit of 840 professionals and 1830 technicians for the government to fully implement all the Land Policy Reforms. The Land Reform Programme Implementation Strategy recognises both political will and community participation as key determinants of its success.

### 3. **ECONOMIC PROGRAMS**

#### 3.1 **Macro-economic Policy and Taxation**

The main reason why the economic has been unstable and shrinking in Malawi between 1996 and 2004 is because of poor macro-economic and taxation policies, or lack of implementation where these policies were put in place. Macroeconomic policy is one type of public policy that governments in Malawi and elsewhere put in place to deal with issues affecting their national economies. Some of the issues are fiscal and monetary issues, tax and taxation, inflation, macroeconomic aggregates such as the link between national income, total volume of savings and investments, economic growth and employment. Fiscal and monetary tools operate in the Malawian economy and these determine government revenue and expenditure, levels of economic growth and stability, employment, aggregate demand and supply, investment and inflation. Lack of fiscal discipline in Malawi has contributed towards declining incomes, savings and investments and unemployment generally.

#### 3.2 **Macro-economic policy**

- 3.2.1 The macro-economy is a very important aspect of any country. Issues of macroeconomic policy affect the people. It is important, therefore, that people understand how government generates its much-needed revenue and how and why government *ought* to spend that revenue in the *best interest* of the people.
- 3.2.2 Normally, the proper use of government revenue includes the efficient provision of social services and goods to the people and the financing of

equitable development in the country. This expenditure must be done in line with parliamentary approved budgetary allocations. When government does not control its appetite for high public expenditure, for example, this leads to excess liquidity in the economy which in Malawi has almost crowded out private sector investment, stifled economic growth, employment, created economic instability, deepened poverty and underdevelopment. These are economic issues and consequences that *directly* affect the people in Malawi.

3.2.3 To create stability in the macro-economic environment and stimulate economic growth, the government shall:

3.2.3.1 Practice a strict policy of fiscal discipline;

3.2.3.2 Practice prudent debt management;

3.2.3.3 Practice growth-oriented monetary policy;

3.2.3.4 Ensure clearer roles by the IMF, World Bank and other donor institutions; and

3.2.3.5 Stimulate market led development in which the private sector plays a pivotal role.

### **3.3 Fiscal policy in broader perspective**

3.3.1 The withdrawal of Balance of Payment (BOP) support by the IMF and other donors started in 2001 and it has negatively affected the fiscal stance of Malawi. In December 2003 the IMF disbursed one tranche of the BOP but not all bilateral donors followed suit. The problem that prompted all the donors to withdraw their aid was *fiscal indiscipline* on the part of the government. Government was blamed for spending carelessly beyond the provisions of the

budget. The government did not spend according to the MPRS priorities because actual allocation to the PPEs fell short of the MPRS costing. Spending on non-priority areas and over-borrowing from the domestic market were perpetrated in spite of strong reproach from civil society and all our cooperating partners. The enactment of the Public Finance Management Act has not brought about much improvement in fiscal prudence. The Act is however very clear on offences and on the penalties that would befall any person who commits an offence under the Act.

***PFM Act section 88 – (1):***

*A person commits an offence who – (e) intentionally or recklessly over-commits or overspends funds under his control or expends funds where there is no appropriation permitting such expenditure.*

***PFM Act section 23 –(1)***

*Subject to section 178 of the Constitution, no public money shall be expended unless the expenditure has been authorised by an appropriation Act (in accordance with subsection (2)) or is statutory expenditure.*

- 3.3.2 The provisions of the PFM Act should have brought about the type of fiscal discipline that we are all thriving for, but the Act has a clause on transitional provisions under which those who are committing the offence of over-spending and over-committing public funds may get away with it and end up scot-free.

***PFM Act section 93 – (1)***

*No person in the preparation of financial statements, budgets or forecasts, unless it is shown that that person acted intentionally, shall be convicted of any offence under section 88 for any act or failure to act by that person in respect of the reporting provisions in Parts III and IX during the period of eighteen months from the coming into force of this Act*

The transitional provisions may have brought in some laxity because currently, there is over-commitment and over-expenditure in Government, which is going unpunished. Thus, the Civil society would like to get the commitment of whosoever will govern this country to respect the Constitution and the Laws of Malawi.

3.3.3 The Law is also clear on how much Government can borrow at any given period. The Reserve Bank of Malawi Act limits the amount of advances by government from the central bank at 25 percent of the previous year's total domestic revenue. The Third Schedule of the PFM Act, which talks about provisions for general borrowing, limits the holdings of Treasury Bills as follows: -

**Third Schedule, Part V: 45**

- (1) *The Minister may, on behalf of the Government borrow by the issue of Treasury Bills in Malawi such amounts as may be authorized by the National Assembly;*
- (2) *The amount of Treasury Bills outstanding at any time shall not exceed twenty-five per cent of annual budgeted revenue.*

3.3.4 Both the Government advances from the central bank and the amount of Treasury Bills outstanding have been beyond the statutory limits. The civil society calls for all aspirants of political office to demonstrate how they will promote the Law governing fiscal management to its letter and spirit. Fiscal imprudence and indiscipline have the potential to plunge the nation into a precarious economic status in which interest rates can be too high for the poor people to get loans and credit for poverty reduction activities. High interest rates also bar the private sector from borrowing and investing profitably.

### **3.4 Income Inequality**

3.4.1 Wealth is very unequally distributed in Malawi. The 65.3 percent of the population who are considered poor are not given enough chances to make their contribution to national development. They are either deprived of the resources, the assets or the start-up capital. Of vital importance is the need to achieve a pattern of growth, which enables greater participation of the poor irrespective of their political, social, religious or ethnic inclinations.

3.4.2 The gap between the rich and the poor in Malawi is very wide.

*With an income Gini coefficient of 0.54 (IHS 1997-98), Malawi now ranks as the third worst country in the whole world in terms of income inequality. The situation in Malawi is very serious and unacceptable and therefore requires redressing....<sup>2</sup>*

The richest 20 percent of the population consume 56.1 per cent while the poorest 20 per cent consume 4.9 percent of total reported consumption of goods and services.<sup>3</sup>

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<sup>2</sup> UNDP, Malawi National Human Development Report 2001 p.20.

<sup>3</sup> UNDP, Human Development Report 2003.

3.4.3 Land re-distribution is one way of empowering the poor. However, all indications are that, in Malawi, the rich are getting richer and the poor poorer. There is need to come up with a well-explained strategy on how the income disparity between the rich and the poor will be narrowed in the new government.

### **3.5 Taxation and Tax Management**

In Malawi the incidences of *regressive* and *multiple* taxes are common. Any tax regime that burdens the poor more than the well to do is regressive and an unacceptable means of poverty reduction. Any tax regime that burdens the poor more than the well to do is regressive. An individual may pay the pay as you earn tax (PAYE) monthly, income tax annually, consumption tax any time (surtax), corporate tax in business and withholding tax on bank interests – *all by one person*. These are multiple taxes. Although government maximizes revenue collection in this way, the probability of creating tax evasion, low income and savings, declining investments and unemployment and therefore widespread poverty remains high in the country. Therefore, the government of Malawi shall pursue:

3.5.1 An equitable and fair tax regime that does not erode income of the people and leaves enough savings for investments in pro-poor income generating activities;

3.5.2 Cost effective and transparent tax regime;

3.5.3 Progressive and fair tax regime;

3.5.4 Policy that offers tax holidays to business;

3.5.5 A participatory and open process in imposing tax measures so that the critical citizenry is also developed in taxation and tax management; and

3.5.6 An incentive driven tax regime.

### 3.6 Economic Growth and Production

Malawi, like any other country, can hardly achieve high levels of *Gross Domestic Product (GDP)* outside the equation of high economic production. The first step towards national development and poverty reduction is to achieve high levels of GDP, which should, in turn, be translated through equitable distribution into an instrument for improving the welfare of the larger section of the population. On the outset, the government of Malawi shall strive to achieve the following measures of economic growth and development:

- 3.6.1 An average of 6% economic growth per year;
- 3.6.2 Fair and equitable distribution of the benefits of economic growth;
- 3.6.3 Focus on pro-poor policies to achieve high economic growth; and
- 3.6.4 Implement the *principle of “plough back”* to stir economic growth, social welfare and national development.

<b>Word</b>	<b>Definition</b>
GDP (Growth Domestic Product)	Is a measure of the total flow of domestic goods and services produced by the economy in a given year? It is a measure of economic growth
Principle of “plough back”	This entails that resources collected through tax from the public be used to produce and supply social services and goods back to the public

### 3.7 Economic Exchange and Trade

In a “global village” today no man is an island. Countries are now ever more interactive and interdependent. Economic exchange through trade plays a very crucial

role in upholding people’s welfare and promote economic growth and development. The civil society in Malawi expects government to play its legitimate role and enable the country to reap the benefits of economic exchange and trade. However, the civil society though expectant remains aware that even “free trade is not that free”. Thus the government of Malawi shall:

- 3.7.1 Exercise a cautious approach to economic exchange issues and trade negotiations;
- 3.7.2 Practice selective trade liberalization in order to protect the basic national economic interests;
- 3.7.3 Practice import substitution; and
- 3.7.4 Practice export oriented growth.

**Word**

**Definition**

Import substitution	Strategy aimed at discouraging imports by replacing them with locally produced goods and services to encourage local economic growth, industrialization and development
Export oriented growth	Strategy aimed at promoting economic growth and development through increased exports

**3.8 Employment**

The government shall strive to expand the employment sector. In order to create jobs for at least 30 % of all employable labour per year, the government shall focus on the following areas and issues:

- 3.8.1 Stimulate growth of the informal sector;
- 3.8.2 Stimulate growth of small-scale business;
- 3.8.3 Promote agro-based industrialization;
- 3.8.4 Protect nascent but potential industries against unfavorable global competition;
- 3.8.5 Desist from employing foreign staff where local expertise is available;
- 3.8.6 Pursue labour intensive industrialization; and
- 3.8.7 Expand employment opportunities for the youth, women, the disabled and men of employable attributes.

### **3.9 Industrialization**

The policy of industrialization shall be agro-based. Manufacturing industries that use locally produced agro-raw materials shall be promoted to create linkages between farmers, industrialists, manufacturers and consumers. Labour and capital shall play central roles. And so is modern technology. The government shall, however, pursue labour intensive industrialization. The strategy for industrialization shall be:

- 3.9.1 Selective liberalization of foreign trade;
- 3.9.2 Application of import-substitution industrialization (ISI);

- 3.9.3 Application of export-oriented industrialization (EOI);
- 3.9.4 Where possible government shall blend ISI and EOI depending on the needs and capacities of the country;
- 3.9.5 Promotion of labour intensive industrialization;
- 3.9.6 Promotion of agro-based industrialization;
- 3.9.7 Promotion of sustainable manufacturing and agro-technology;
- 3.9.8 Focus on creating market niches for local products of industry; and
- 3.9.9 Protect goods and services from local industries from unfair competition from foreign firms.

### **3.10 Investment**

Investment is an engine for economic growth and development. Instead of over-relying on foreign investment, government shall stimulate local savings and investment. Government policy on investment shall focus on:

- 3.10.1 Creating a stable macro-economic environment that will de-emphasize consumption and promote local savings and investment;
- 3.10.2 Bring inflation to a single digit and ensure that this is reflected in the affordability of prices of basic commodities, and sustain that trend over years;
- 3.10.3 Fight corruption on all fronts;
- 3.10.4 Wage a global campaign to attract foreign investments;

3.10.5 Encourage joint ventures between foreign capital and local business; and

3.10.6 Workout a framework for capital repatriation, re-investment and social responsibility.

Capital repatriation: means taking away capital from the Malawi local economy to other destinations in a manner that undermines the growth of the Malawi economy

#### 4. **POLITICAL ECONOMY PROGRAMS AND ISSUES**

Political economy programs are those that cut across the politics/economics dichotomy. These programs are at the center of the governance and development agenda. In this era, government should understand the influence of politics on the economy and the impact of economics on politics. Thus, development, government budgeting, corruption, and trade are political economy issues, and so are others.

##### 4.1 **Government Budgeting**

4.1.1 Government budget is an official financial statement on how government *intends* to collect its revenue and spend it. As an instrument of public policy, the government budget performs *extractive, allocative, distributive* and *stabilization* functions in an economy all of which affect the people. Extractive, allocative, distributive and stabilization instruments of the budget bear an enormous impact on the general macro-economic environment of the country and, therefore, should be professionally manipulated to enhance economic growth, people's social welfare and national development.

4.1.2 In Malawi, however, realities of both *donor fatigue* and *fiscal indiscipline* have now become the most challenging issues. While foreign donors have repeatedly withheld their budgetary support on one hand, the government of

Malawi has proved to be a generous spender of public funds on the other hand to the extent of derailing the budget on several occasions and creating a huge budgetary deficits and public debt. This high public expenditure has also often gone off the pro-poor targets favoring instead economically unproductive but politically feasible activities.

4.1.3 The government budgetary process in Malawi has hitherto been exclusively an exercise by government technocrats, ministerial politicians, parliamentarians and foreign donors. Civil society and ordinary Malawians, however, have been marginalized mainly due to their lack of rudimentary but requisite knowledge to participate in the government budget processes. As it turned out, the government budget ought to come from the people and be delivered to the people as well. In this way, the people need to participate in close *consultations* with the *appointed* bureaucrats and the *elected* representatives. The participation of the people can only be effective if they [the people] have knowledge about the politics, processes, actors and structures of government budgeting.

4.1.4 The executive, the judiciary, the legislature, the bureaucracy and the international donors remain the most influential actors in the budget process in Malawi. Both *elected* and *appointed* actors in the budget process claim to do whatever they do in the name of the people. The civil society and the people of Malawi, however, affirm that the Government of Malawi shall:

4.1.4.1 Take all reasonable steps to involve civil society, traditional leaders, appointed public officials and elected representatives in the budget process;

4.1.4.2 Implementers of government budget shall be accountable to the people of Malawi, all and sundry, and also through their elected representatives;

4.1.4.3 Public officials shall account, first and foremost, to Malawians for the budgetary support received on behalf of Malawians from foreign sources;

4.1.4.4 Government shall cooperate with and support civil society efforts to carry out mid-term monitoring and end of implementation evaluation of the budget;

4.1.4.5 The findings of civil society reviews of public funds shall be subjects of public debates in the pre-election, election and post – election times;

4.1.4.6 All public officials incurring unbudgeted public expenditure shall be disciplined accordingly;

4.1.4.7 All reviews, audits and assessments of budget implementation shall be made public within the life-span of the budget and in its aftermath; and that

4.1.4.8 Any other non-pro-poor public expenditure other than that approved by parliament shall lead to prosecution.

## **4.2 Political and Economic Governance**

Governance is the way public affairs and institutions are organized, coordinated, managed and administered. Broadly speaking, public affairs under the rubric of governance are split into two, namely, political affairs and economic affairs. These two sectors of governance lead us into *political* and *economic* governance respectively.

## **4.3 Political Governance**

Political governance has to do with the organization, coordination, management and administration of the polity – political affairs of the state. These include power distribution, rule of law, accountability, rights and liberties of the citizens, security, participation in electoral and other public processes, formation and change of government, etc. In order to entrench good political governance in the country, the Government of Malawi shall:

- 4.3.1 Be seen to take reasonable measure for respecting the rule of law;
- 4.3.2 Decentralize power to the grassroots and build capacity at the grassroots so that communities manage their affairs for the good of the local people;
- 4.3.3 Guarantee and promote all civil and political rights, freedoms and liberties of the citizens and residents in Malawi;
- 4.3.4 Be accountable and transparent to the people;
- 4.3.5 Enhance popular participation in public affairs;
- 4.3.6 Ensure smooth transfer of political power from one government to another through free and fair elections;
- 4.3.7 Provide developmental amenities to all people as a matter of right and not privilege; and to
- 4.3.8 Ensure security of all Malawians and residents; their life and property.

#### **4.4 The Constitution, Constitutionalism, Democracy and Development**

- 4.4.1 The civil society in Malawi affirms its commitment to the culture of constitutionalism and expects the government to uphold and promote these

democratic values. This is a culture that facilitates the entrenchment of constitutional government.

Simply put, the *constitution* on one hand is the supreme law of the land, which spells out basic and broad principles as regards powers, relations and functions of various organs of government, the rights and duties of citizens and their relationships with those organs. *Constitutionalism*, on the other hand, means that the exercise of political power shall be bound by rules; rules that emanate from the will of the people and that determine the validity of executive and legislative action by prescribing the procedure according to which it must be performed or by defining its permissible content. More practically, constitutionalism entails *the art of constitutional practice* that traverses the historical, material, social, economic, political and environmental letters and *spirits* of the constitution. It is the behavior of observing, protecting and implementing the constitution in its letter and spirit, intent and content as the expression of the people's will, collective aspirations, values and vision.

- 4.4.2 Many countries have impressive constitutions but without constitutionalism. To have a constitutional government without constitutionalism means that there is a *gap* between the constitutional precepts of a country and the way political power is exercised. It means that the constitution is a mere *spiritless* document whose violation inspires neither popular upsurge nor resistance among the populace. Such a constitution is subject of wanton abuse by those in positions of authority and their surrogates and does not stand as an embodiment of the popular will that need to be defended and promoted by the people through an expression of constitutionalism. Thus, constitutionalism is a *culture* and a way of life in which the constitution is a symbol of nationhood, a spirit of the people; their soul and body politic consummated together. This is the political, social and economic amalgam belonging to no single person. It does not belong to a minority either. It is rather a collective possession of the people who *ought to be* democratically *consulted* in any process of making,

remaking, adopting and rejecting its provisions. In order to sustain constitutional government and constitutionalism in Malawi, the government shall:

4.4.2.1 Put in place policy and legal frameworks for civil society and popular participation in matters and debates of constitutional nature;

4.4.2.2 Allow that where any other law, rule, principle and policy come into conflict with any section of the constitution, the constitutional section in question shall prevail;

4.4.2.3 Strive to make Malawians aware of their constitutional rights, freedoms and liberties;

4.4.2.4 Strive to make Malawians aware of available legal and administrative remedies for violations of their constitutional rights, freedoms and liberties;

4.4.2.5 Establish a constitutional court in the country;

4.4.2.6 Integrate constitutional issues into school curricula; and

4.4.2.7 Re-introduce the *recall provision* on Members of Parliament (MPs) in the national constitution to enhance accountability and transparency of parliament to the people of Malawi.

## **4.5 Economic Governance**

4.5.1 Economic governance denotes the way public economic life is organized, coordinated, managed and administered. It focuses on the national economy;

how it is structured, productivity issues, efficiency, management, distribution, exchange, consumption and investment.

4.5.2 Constitutionalism is important for good economic governance because it instills rule of law, checks and balances, transparency and accountability and the values of constitutional government. At the end of it all, these principles and values will abet the creation of a business friendly environment and attract foreign investments, create economic stability and growth. These are core principles and values that will *efficiently* facilitate investment in-flows in the country, the production and equitable and fair allocation of economic goods and services to the populace. Without this *material base and guiding principles of social justice*, the current pursuit of good governance, democracy and development will remain a myth. Thus, the government of Malawi shall be seen to strive towards achieving the following goals:

4.5.2.1 Guaranteeing and promoting social, economic and cultural rights of all Malawians and residents in the country;

4.5.2.2 Providing economic and social security to all Malawians and residents in the country;

4.5.2.3 Encourage entrepreneurship;

4.5.2.4 Encourage economic empowerment and participation;

4.5.2.5 Reduce the economic gap between the rich and the poor; and

4.5.2.6 Fight all forms of corruption.

## **4.6 Corruption and Governance**

4.6.1 Corruption is understood as the use of public office, resources and authority for private gain. Corruption is perceived to be a social problem that cannot be rooted out entirely but that it can only be managed. It [corruption] is a developmental hazard and a harbinger of poverty. It leads to economic and social wastefulness through inefficiencies, scaring off of potential investors, causes loss of confidence in public office and the economy and precipitates capital flight. However, it is not all forms of corruption that are contemptuous. Furthermore, it is not only in Africa or Malawi where people continuously face the scourge of corruption. Corruption is a global phenomenon.

4.6.2 It is said that official corruption in Malawi is high. Many top-level corruption cases remain inconclusive either due to lack of political will or because of complicity on the part of authorities entrusted with the onus of dealing with such cases. At root of the high levels of corruption in Malawi lie the question of economic and political bad governance, which has, of late, led to high and dubious government expenditure and the subsequent freezing of foreign aid [budgetary support by the IMF, UK, EU and others]. This is a form of economic wastefulness bordering on abuse of public office in many instances. What is required to combat this social malaise is:

4.6.2.1 To have a government that provides an effective legal framework and a conducive environment needed to launch a vociferous struggle against corruption;

4.6.2.2 Once the legal framework and a conducive anti-corruption environment are in place, all stakeholders involved in the crusade against corruption need to build a *coalition*, identify and prioritize certain forms of corruption and mobilize their resources to face their common enemy [corruption];

4.6.2.3 The best way to deal with corruption is to encourage *good governance* broadly; transparency, accountability, rule of law, independent media and professionalism in public affairs;

4.6.2.4 Ensure timely release of reports by the Office of the Auditor General;

4.6.2.4 Strengthen and support the Anti-Corruption Bureau legally, financially and politically;

4.6.2.5 Strengthen and support the Office of the Ombudsman; and

4.6.2.6 Encourage civil society organizations to independently track down public expenditure overruns.

4.6.3 The Transparency International, which is the leading watchdog against corruption in the world, has scientifically proved that corruption is on the increase in Malawi. According to the Corruption Perception Index (CPI)<sup>4</sup> calculated by the Transparency International, Malawi's ranking in the World has deteriorated and our country is now perceived as one of the most corrupt in the World.

*Transparency International Corrupt Perceptions Index<sup>5</sup>*

YEAR	1999	2001	2002	2003
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<sup>4</sup> The Corruption Perceptions Index reflects the degree to which corruption is perceived to exist among public officials and politicians by business people, academics and risk analysts. The Index ranges between 10 (highly clean) and 0 (highly corrupt).

<sup>5</sup> Source: Transparency International Website ([www.transparency.org](http://www.transparency.org))

CPI	4.1	3.2	2.9	2.8
RANKING	46/99	61/91	68/102	84/133

The CPI has deteriorated from 4.1 in 1999 to 2.8 in 2003 (Value of 10 is highly clean and 0 is highly corrupt).

4.6.4 While efforts are being made to curb corruption, incidences of corruption and fraud are increasing at an alarming rate in Malawi. Public resources are being wasted through several corrupt practices. This is also against the background that tabling of the revised Corrupt Practices Act in parliament is being unnecessarily delayed. There are visible signs of politicians getting much richer than can be explained by their salaries and allowances. There is resistance by the politicians to declare their assets as required by the Constitution. The enabling Bill that would stipulate the penalty one would get for not declaring his/her assets has not been presented to Parliament.

4.6.5 Political powers have been abused because the whole process of tendering and selection of contractors where bidders are selected based on their political affiliation, regional heritage and personal affinities. The bulk of high profile cases of corruption and fraud have not been tried for fear of incriminating top politicians and influential personalities.

4.6.5 The civil society is for the removal of the consent of the DPP and the possibility of the Director of ACB to prosecute. The government that takes over after the May 2004 elections will have to take bold steps towards the removal of this very serious offence of corruption. The commitment to and the strategy to fight corruption should be well explained in the party manifesto that aspires to win the hearts of Malawians.

## 5. PROGRAMS FOR POVERTY REDUCTION

## **5.1 Agriculture**

5.1.1 Malawi's economy is dominated by the agricultural sector, which contributes about 38 per cent of GDP. The sector contributes more than 90 per cent of foreign exchange with tobacco as the major export. Tobacco is grown by about 20 percent of the farming community but tobacco exports account for more than 60 percent of the value of total exports. Agriculture as a sector employs about 85 per cent of the population. The sector is highly dependent on rainwater, as the irrigated land of 57,000 hectares is only 2 per cent of total area under cultivation.

5.1.2 The performance of the agricultural sector has not been impressive over the years. The Civil Society Agriculture Network (CISANET) in collaboration with MEJN has been conducting MPRS Monitoring for the sector. Their findings show that the share of budgetary resources (recurrent) to the total recurrent expenditure has been going down. For a sector that is the mainstay of the economy and therefore the main source of growth, civil society believes that government should be investing more resources.

The particular problems in the agricultural sector are as follows:-

5.1.2.1 Low productivity because of poor methods of soil conservation, inadequate research, lack of technologically methods of farming other than the traditional hole, high cost of inputs, lack of knowledge on modern methods of agriculture owing to the insufficient coverage of extension services. Adoption of new varieties of seeds such as hybrid maize has been low due to a number of factors.

5.1.2.2 There are a total of 1,692 agricultural extension workers in the whole country for more than 3 million farm families. This translates to one field assistant attending to 1,784 farm families on average (the

recommended number of farm families per extension worker is 750). Before 1992, one extension worker was attending to about 940 (see World Bank Malawi Country Economic Memorandum, December 2002) farm families but the situation has since deteriorated due to high rates of attrition worsened by the HIV/AIDS pandemic. Many extension workers are quitting because of poor working conditions, yet inadequate numbers of people are trained and recruited in order to fill the gap.

5.1.2.3 Work plans for the extension workers are not always prepared according to the services demanded on the ground. As such, the extension services rendered are not always those that are most required. Government is still resisting the bottom-up approach of doing things and are sticking to the top-bottom approach, which is anti-decentralisation and anti-devolution.

5.1.2.4 The cost of fertilisers and other agricultural inputs were hiked after the removal of direct subsidies. The civil society notes that government spending has not improved ever since the removal of direct subsidies occurred. If anything, the situation is worse off now because the money is being diverted to non-priority spending and to new types of subsidies. The new types of subsidies like those on maize prices are directed towards consumption as opposed to subsidizing production. Such subsidies on consumption are proving more costly to the budget and cultivate a dependence syndrome, create disincentives for local production and ends up subsidizing the foreign companies and countries that supply the maize to Malawi. In any case, it is rarely the poor consumers in remote areas who benefit from such subsidies, yet it is argued that they are supposed to be the main beneficiaries. The civil society is for the idea of providing subsidies but that the targeting should be more focused to reach the needy and the vulnerable groups.

Furthermore, such subsidies should be directed towards production and not consumption. Subsidizing imports should not be pursued because it kills the incentives for local production.

5.1.2.5 Diversification has been talked about but it is not coming about because of lack of feasible strategies on the part of government. The whole package of policies in place in the rest of the economy does not favour the diversification of production. The dependence on one crop (tobacco) is a dangerous economic strategy; more so when the international prices of tobacco are dwindling and the anti-smoking lobby is rife.

5.1.2.6 Irrigation: Dependence on rain-fed agriculture makes Malawi very vulnerable in food security. Irrigation has been prioritised in the MPRS as a PPE but it is allocated less budgetary resources than envisaged in the MPRSP. In 2001/02, all the funding that financed irrigation was from HIPC resources and the government did not use any of the local resources for such an important priority.

5.1.2.7 Land under cultivation in Malawi is only 57,000 hectares, or 2% of total arable land. Such statistics cannot make any Malawian proud given the fact that almost one-third of our country is covered by water and that we have the third largest lake in Africa.

5.1.2.8 Estate agriculture has received less attention in favour of smallholder agriculture. There would have been no issue of discussion if productivity levels were the same in both types of agriculture. However, estate agriculture is by far more productive because it uses more advanced technology and modern methods of farming. Much as it remains important to support the smallholder sector, creating an enabling environment should have supported estate farmers. There are

estates that abandoned growing tobacco because of a breakdown in security. There have been a multitude of cases whereby estates have been robbed of their tobacco and the Police have been helpless.

## **5.2 Education Policy**

- 5.2.1 The government embarked on a free primary education beginning 1994. The result was a tremendous increase in enrolment from 1.9 million in 1993/94 to the present level of 3.3 million pupils. “However, the quality and internal efficiency of the system has been compromised”<sup>6</sup> There was a fundamental error in the sequencing of the free primary education programme. The introduction of the free education was not accompanied by a proportional increase in the number of teachers and in the number of classrooms. It is very common to see classes being organized under a tree where incidences of the pupils being struck by lightning or stumped by a falling tree branches have subjected the pupils to fatal conditions.
- 5.2.2 In 2001 only 16 percent of all students who sat for the Malawi Secondary Education (MSE) examinations passed. It is obvious that lack of adequate numbers of qualified teachers, poor classroom conditions, lack of incentives for teachers and unsystematic change in syllabi are surely the underlying factors for the poor performance.
- 5.2.3 The current completion rate of 32 percent for primary education is still very low and the objective of increasing the rate to 50 percent by 2002 as outlined in the Policy Investment Framework (PIF) for the education sector has not been accomplished. About 50 percent of the primary school teachers are unqualified and the present numbers of teachers trained per year makes the target of reducing this rate to 30% in the short-run unrealistic. Based on the

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<sup>6</sup> 2002/03 Budget Document No 4, page 182.

Civil Society Coalition for Quality Basic Education's [CSQBE] study<sup>7</sup>, about 4000 teachers are trained per year. The Ministry's target of reducing the number of untrained teachers to 10% by 2015 will not be achieved until 2040. The current ratio of primary school pupils per teacher is 69.8 and government needs to reduce this ratio to the PIF target of 60.0 by 2003/04.

- 5.2.4 An engendered analysis shows that the dropout rate is still very high and is more pronounced in girls than boys. For example, while girls in Malawi schools constituted 50.4% in standard one in the year 2000, they were only 42.5% of the total in standard eight.
- 5.2.5 A greater proportion of teachers in rural areas are unqualified than in urban areas. The next Government will have to address the problem of unequal distribution of teachers between urban and rural areas. One contributing factor to the imbalance between urban and rural areas is the high number of women teachers who are present in urban areas<sup>8</sup>. There is great need to give more incentives to women teachers teaching in rural areas given that they also serve as role models for girls in these areas.
- 5.2.6 The Ministry of Education is the biggest ministry in terms of number of employees and the budget allocation. However, a trend analysis of the recurrent account allocation to education shows that the share of education expenditure to total recurrent expenditure has been going down.
- 5.2.7 The attrition rate for teachers is estimated at 11 percent. The rate is high due to the HIV/AIDS scourge. However, the anti-AIDS campaign has not penetrated very well in Malawian schools. The budget allocation meant for anti-aids programmes at the work place in the ministry of education was not utilised for the intended purpose during the 2002/03 fiscal year because the Ministry did not plan for any activity to be carried out under the theme of “

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<sup>7</sup> CSQBE, Budget Monitoring Report 2002 and 2003.

HIV/AIDS at the working place”. The civil society is looking for tangible solutions and they should be pronounced in the manifesto of every party that needs to govern Malawi.

5.2.8 Government has recently given back the administration of faith-based schools back to the churches. This move is applauded because the schools will, once again, be better run and the quality of education will improve in such schools. It is common knowledge that schools run by clerics and faith-based institutions used to be centres of excellence before government took them over. In the same vein, private schools should be encouraged but that the institutions should have the prerequisite conditions to qualify as *bona fide* institutions of learning.

5.2.9 Educating our children should not only be in the classroom. Parents and politicians have got a moral obligation to educate their kids to be good citizens of Malawi. There is a complete breakdown in the morality of our kids leading to increased levels of impudence, crime, laziness, lack of seriousness with life, lack of appreciation for religion and cultural values. Politicians whose behaviour in public places is anything but exemplary perpetuate the current moral decadence. Civil society is looking for leaders who are morally, intellectually, socially and politically acceptable to serve as raw models to our youth.

5.2.10 On the other hand, the next Government shall ensure that education is tailored to offer productive labour in all sectors of the economy, create self-employment, and fill the employment gaps of an expanding employment sector. By earning more, consuming less and investing more, trained and educated people will contribute towards poverty reduction.

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<sup>8</sup> While women account for 70 per cent of teachers in total in the sample of schools, they account for 41.7 per cent in rural areas, but 83.5 per cent in urban areas.

## 5.3 Health

5.3.1 Life expectancy has fallen from 51 to 37 years in Malawi. The crude death rate of 24.48 (per 1,000) for Malawi is the worst in the whole of Africa. Maternal mortality has worsened from 620 in 1992 to 1,120 per 100,000 live births, one of the highest in Africa. The adult mortality rate for women has almost doubled from 6.5 to 11.3 (per 1,000). Prevalence of child malnutrition continues to persist in 1990 it was at 27.6% and increased to 29.9% in 1995 and 33 percent in 2000. The under-five mortality rate of 189 per 1,000 live births translates to mean that one in five children born in Malawi dies before reaching the fifth birthday.

5.3.2 Malaria is the leading cause of morbidity and mortality in Malawi, accounting for one-third of all outpatient visits and more than a third of visits among children under five years old.<sup>9</sup> The Ministry of Health and Population classifies malaria as “*the most serious health problem facing Malawi today*”. There are 8 million episodes of malaria illness per year experienced by Malawi’s population of 10 million. About 40 percent of the deaths in children less than two years old are related to malaria.<sup>10</sup> Notwithstanding the seriousness of malaria, government has not supported the ownership of bednets as only 5 percent of Malawian households own medicated mosquito bednets.

5.3.3 The problem of shortage of medical drugs is very acute in public health institutions. There have been reports of high levels of pilferage of drugs by health workers, and the next government needs to find a lasting solution. To make the situation worse, the few drugs that Malawi has are shared with people from neighbouring countries. The borders between Malawi and her

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<sup>9</sup> MDHS 2000

<sup>10</sup> MDHS 2000 p.185.

neighbours are so porous that people cross into Malawi to get free medical care without them being identified as non-Malawians.

5.3.4 Findings of a survey conducted by MEJN discovered that people have to walk very long distances to get to the nearest health centre or district hospital. The situation is very bad in districts like Phalombe where there is no district hospital and patients have to go to either Mulanje or Zomba referral hospitals. A related problem is that some people are made to pay for services in government health centres and district hospitals. This practice plays to the detriment of the poor and vulnerable patients who, by not having the money to pay with, are denied equal medical attention.

5.3.5 According to the Essential Health Package (EHP) Cost Model of the Ministry of Health, the current gap in health workers for the full implementation of the EHP is alarming. The present rate of training health workers would mean that the gap in human resources would not be filled even in a decade's time. The current gap in the different cadres is as shown in the table below:-

**EHP Cost Model: Human Resource Details<sup>11</sup>**

CADRE	Currently in nwide	CURRENT GAP
Senior Medical Assistants	399	170
Senior Enrolled Nurse/Midwife	231	338
Enrolled Nurse /Midwife	1137	0
Health Assistants	177	392
Health Surveillance Assistant	6,474	5,276

<sup>11</sup> Source: Ministry of Health and Population ([www.malawi.gov.mw/health](http://www.malawi.gov.mw/health))

5.3.6 There is a lot of brain drain in the health sector with nurses getting greener pastures in the private hospitals or abroad. The population per physician has increased from 45,737<sup>12</sup> in 1995 to 101,000 in 2000.<sup>13</sup> This is the highest number of people per physician in Africa. Many nurses migrate to the U.S.A. and to the U.K. where there is great demand for their services. The next government will be required to put in place a deliberate policy for government to explore how the developed countries can be stopped from robbing us of our most valued human resources. Improving the working conditions would be the other way of persuading the health workers not to go abroad.

#### **5.4 Industrialization**

Accelerated industrialization will absorb agro-raw materials from farmers, labour from the labour market, capital from the financial market and modern technology. The forward and backward linkages of this process will have spill-over effects in the economy. The net gain will be a multiplier effect that can positively impact on poverty alleviation processes.

#### **5.5 Employment**

Employment is a way of putting labour to productivity. Productive employment creates earnings, savings, investments and remittances that reduce both urban and rural poverty. By creating more employment opportunities, we will be fighting poverty. Government shall emphasize the creation of productive employment in the sectors of the economy that involves the poor.

### **6. VIABLE PROGRAMS THAT NEED TO BE CONTINUED AND SUGGESTED REFORMS**

#### **6.1 Free Primary Education**

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<sup>12</sup> Human Development Report 2003

<sup>13</sup> MDHS 2000

Free primary education needs to be continued. The focus, however, should be on quality and not quantity of education. Areas of improvement include teacher training, teaching and learning materials, infrastructure and child environment. Training and education must have the objective of creating both self-employers and job seekers. Quality and not quantity should be a yardstick for maintaining standards of education both in private and public schools. Therefore, quality control shall be the hallmark of government policy on free primary education.

## **6.2 Starter Packs (Targeted Input Programs)**

Starter packs should be continued but not as mere handouts. Handouts are not sustainable in the long run and are prone to corruption and political abuse. Farmers' cooperatives and farm loans in terms of subsidies are a better option.

## **6.3 Poverty Reduction**

6.3.1 The next government should ensure that the roles of the civil society are well pronounced in the MPRSP processes and should be aware of the core principles of the MPRSP that includes civil society participation. Chapter 6 of the MPRSP says:

*Broad-based participation of civil society and strengthened governance including public management and budgetary accountability is essential to the sustained implementation of a poverty reduction strategy. The participation is particularly important in the selection of priority public policies and the monitoring of poverty outcomes and indicators.*

6.3.2 Civil society organisations should be regarded as partners in development and everything they do is intended for the benefit of the poor population. It is

hoped that all the MPRS stakeholders, including the government officials, would be wiser after getting some constructive criticism; be it from the civil society or from the IMF and the World Bank.

6.3.3 Increased Levels of Poverty in Malawi: The biggest disillusionment of all Malawians today is that poverty has neither been reduced nor eradicated in Malawi. On the contrary, poverty is on the increase. If the mandate of those who want to govern us is something like “*Poverty Alleviation*” or “*Poverty Eradication*” then let us not get “Poverty increase” instead. The Gross National Income (GNI) per Capita that was at US\$240 in 1993 has deteriorated to US\$160 in 2001.<sup>14</sup> Malawians are poorer in 2001 than they were in 1993. According to the Human Development Index (HDI) calculated by UNDP, in 1993, Malawi was the World’s 17<sup>th</sup> poorest country whereas in 2001 it is among the 12 poorest countries in the World (see table below).

**Human Development Index (HDI) for Malawi [1993 – 2001]<sup>15</sup>**

<i>Year</i>	1993	1995	1997	1998	2001
HDI	0.321	0.334	0.399	0.385	0.387
HDI rank	157/174	161 /174	159/174	163/174	162/174
World Rank	17 <sup>th</sup> poorest	13 <sup>th</sup> poorest	15 <sup>th</sup> poorest	11 <sup>th</sup> poorest	12 <sup>th</sup> poorest

6.3.4 The suspension of aid by donors has contributed to the worsening economic conditions in Malawi although the Government also contributed to this. However, the donors should not be insensitive to the plight of the poor population in rural Malawi. These people do not participate in the formulation of wrong economic policies by government. It is very unfair that when

<sup>14</sup> World Bank, 2003.

<sup>15</sup> *Source:* Malawi: National Human Development Index Report 2001, UNDP, Lilongwe Human Development Report 2003, UNDP, New York.

sanctions -such as the suspension of aid - come, it is the poor people who get the mantle whereas the political elite responsible for policy formulation continue with their usual lavishing and luxurious life. Direct donor funding for pro-poor projects and programmes should be encouraged. There should be a way of avoiding the misuse of donor funds by government officials. The next government should make sure that it re-establishes mutual trust with the donors for the latter to start disbursing their normal aid.

#### 6.4 Decentralization

Decentralization is a sure way of empowering the local people to take part in governance and development issues. While continuing with the program, agreement must be made on which powers and management of resources need to be truly decentralized to the local people; put in place all the area development committees and village development committees; and carry out *feasibility studies* on *fiscal decentralization* and autonomy.

Word	Definition
Fiscal decentralization	Giving autonomy or freedom to local communities to manage their own financial responsibilities and resources
Feasibility study	Studies carried out where projects have been proposed in order to determine the sustainability of the projects before they are approved and implemented

#### 6.5 Privatization and Public Enterprises

6.5.1 Public Enterprises have been loss-making institutions due to political interference and incompetence of the managers appointed to top positions. The public enterprises have been dumping grounds for unqualified politicians

and ill trained officers. Nepotism is usually the underlying factor for employing top management positions. Political appointments with no appropriate professional competencies are very common. Treasury has painstakingly been bailing out the inefficient parastatals thereby paying for all their inefficiencies. Civil society organisations are against the appointment of board members according to their political affiliation. Board members are no longer supposed to be executive. However, some of them are still enjoying the benefits of executive chairpersons thereby depriving the companies of the much-needed resources. Political interference on these enterprises has manifested itself in many different forms. For example, motor vehicles of some public enterprises have been seen ferrying people to party functions, money has been siphoned out of such companies through very unscrupulous means, they have been forced to pay for charity functions that benefit certain top-ranking politicians, bogus companies of politicians have been used to procure goods for the public enterprises. The civil society therefore asking the next government to increase compliance to best practices of corporate governance in public enterprises. Board members should be appointed in a transparent way and should be subjected to approval by the Public Appointments Committee of Parliament. Top management should be recruited in a transparent way based on their competencies. Public enterprises should cease to be the fertile ground for political appeasement.

6.5.2 There is lack of accountability on the proceeds from privatisation. The decision as to how those proceeds are used rests with the Minister of Finance. There should be a more transparent and consultative way of reaching a collective decision. There is talk that some of the money was used to build schools but no one has ever proved this and the civil society coalition remains sceptical. There has been an acknowledgement by government that the privatisation programme in Malawi has encountered a lot of difficulties. The main problem with the whole process is that the people doing the evaluations of the companies to be privatised rarely quantify all the social costs and

benefits of the operation. As a result, a single operation of privatisation could from the accountant's view be seen to be profitable; but very unprofitable from the public accountant who takes into account the social costs and the long-run impact of such an operation. For example, the people who are retrenched following the privatisation of a company are supposed to be reoriented towards other alternative economic activities. However, this has not been the focus in almost all the privatisation operations in Malawi. Furthermore, the larger chunk of proceeds from privatisation is kept by the Ministry of Finance irrespective of the indebtedness of the mother public enterprise that is shadding off a subsidiary company. Such has been the case with MDC and its subsidiaries.

6.5.3 The Civil Society Coalition on the Future of ADMARC is against the commercialisation of ADMARC in the manner it was done. Government proceeded single-handedly without listening from the population, civil society organisations and opposition parties. ADMARC says it will no longer cater for the social functions. The Bill passed in Parliament is silent on the issue of who will run the social functions. The next Government should come up with legislation that names an institution that is strategically well placed to run the social functions and continue with the distribution of food and farm inputs to the rural poor. The civil society is very worried with the current turn of events and requests the next government to take a more consultative approach on the subject. Malawians asks no less than a bold statement on the future of the social functions that ADMARC used to run. Is food security going to be compromised any further?

6.5.4 Privatization is, in whatever form, a "necessary evil" in today's global political economy. But privatization shall be locally driven and not a way of merely fulfilling donor demand. The locus of privatization shall be popular participation in the economy and economic empowerment of Malawians. Privatization shall be carried out only after the poverty ad social impact

assessment (PSIA) has been done to ascertain the merits and demerits of privatization. Factors to be included in the assessment include job security, social welfare, capital repatriation, opportunities for joint ventures, technological transfers and economic growth.

6.5.5 Privatization processes are not panacea for all the socio-economic problems of Malawi. The question of change of ownership of public enterprises is only part of a complex and broad problem namely bad corporate governance. Beyond privatization, public utilities should be infused with principles of good corporate governance; be de-politicized, run and managed by efficient boards of directors and professional managers and learn the technical know how of business competition. Privatization must ultimately serve the *national interest*.

## **6.6 Democratization**

Democratization is the umbrella term for all the programs that Malawi is implementing today. We talk of political and economic liberalization, public sector reforms and others under the process of democratization. The political will and commitment of our leaders to uphold and promote the principles and values of democracy and this is clearly outlined in the MPRS. Political will and commitment should always be assessed, and those who renegade on these principles and values will be brought back on track or put on the sidelines.

## **6.7 The Malawi Social Action Fund [MASAF]**

6.7.1 Despite its positive impact, MASAF has been used as a ground for political patronage. People are not told that MASAF is a loan that our grandchildren will have to be paying back in future. Only a few are told that the money comes from the World Bank. MASAF is a loan to the Malawi Government and it will continue irrespective of the party that wins the election.

6.7.2 Any government that comes must continue with it but it must be made clear that MASAF is a loan to which all Malawians are liable to pay back. It is, therefore, imperative that all Malawians hold those authorities responsible for implementing MASAF III accountable; that MASAF III should not be politicized as party instrument; that MASAF III should try to move away from building empty hospitals and school blocks and invest in capacity building to generate and retain drugs, train doctors and teachers, procure equipment and teaching and learning materials, create incentives for staff and support not only infrastructural development but sustainable development.

## **7. POPULAR PARTICIPATION IN SOCIO-ECONOMIC PROGRAMS**

Mechanisms for popular participation in socio-economic development shall include the following:

- 7.1 Village Development Committees (VDCs) and Area Development Committees (ADCs);
- 7.2 Branch, area, constituency, district and regional structures of all registered political parties;
- 7.3 Community Based Organizations (CBOs) and NGOs;  
District Assemblies;
- 7.4 The Church and Mosque;
- 7.5 Constitutional Bodies;
- 7.6 Parliamentary Committees; and
- 7.7 Civil society organizations (CSOs) and networks.

## **8. EQUITABLE DISTRIBUTION OF WEALTH**

Equitable distribution of public wealth is government responsibility. Government shall distribute public wealth based on national statistical information of Malawi's population and needs. Consideration of religion, region, tribe, political affiliation and personal and/or family relations shall not pass as criteria for wealth distribution. Wealth shall be extracted through progressive taxation, donor aid, loans, grants, trade and other forms of economic exchange and be allocated and distributed based on population size and the severity of poverty and needs of the people. Equity and affirmative principles shall guide wealth distribution in the country.

## **9. PUBLIC SECTOR MANAGEMENT, DELIVERY AND REFORM**

The public sector, under this manifesto, shall be synonymous with the civil service.

### **9.1 Appointments and Recruitments**

9.1.1 Public sector appointments shall be made based on merit, professional and academic qualifications, proven experience, professional commitment and integrity. Senior public officials shall be appointed by the State President with recommendations from the Public Service Commission and approved by Parliament.

9.1.2 The Commission and Parliament shall not be mere rubberstamps of the state President's appointments and political appeasement. Public appointments shall not be havens of patronage. The government of Malawi shall demonstrate clear commitment to values of integrity and high moral aptitude on the part of the state president, parliament and the public service Commission.

## **9.2 Promotions**

Public sector promotions shall be based on merit, professional and academic qualifications, dedication and commitment to duty, productivity and good performance, proven experience and professional integrity. Politically motivated promotions usually based on political party loyalty and affiliations shall be buried and the civil society shall be given space to scrutinize the basis of appointment for top civil servants.

## **9.3 Incentives**

There is need for a consistent and transparent wage policy. The morale of most civil servants is currently at rock-bottom and productivity at its lowest. The next government shall therefore ensure that all incentives shall be meted out according to the scale governing the public sector in Malawi and shall be budgeted for and approved by Parliament. The civil society calls for restructuring of the salary and allowance regimes of the civil service to realign them with the cost of living and international labour practices. Government shall look at issues of salary and allowances not as privileges given to civil servants but as their constitutional rights which government is obliged to fairly and equitably implement.

## **9.4 Dismissals and Punishments**

Dismissals and punishments of officers in the public sector shall follow principles of administrative justice and constitutional law.

## **9.5 Accountability**

All public officials in the public sector shall be accountable to Malawians. These officials shall serve the government of the day and shall be held accountable for their

daily duties to Malawians either directly or through elected representatives of the Malawian nation.

## **9.6 Public Sector Reform**

9.6.1 Public sector reforms shall be implemented with a view of enhancing public sector productivity, sustainability, accountability, transparency and efficiency. Reforms shall be done for good reasons bordering on the promotion of national interests and not merely in fulfilling donor demands and interests.

9.6.2 The size of the cabinet, both ministers and deputy ministers, shall not exceed 20;

9.6.3 The number of Members of Parliament (MPs) shall not be swelled with each and every review of constituency boundaries for reasons of political power accumulation and control. Where possible, the current 193 seats in parliament shall be reduced; and that

9.6.4 Resources served from chops of the cabinet and parliament shall be used for poverty reduction programs.

## **10. MANAGEMENT OF FOREIGN AFFAIRS**

### **10.1 Foreign Policy**

10.1.1 Malawi's foreign policy shall be based on the principles of good neighborliness, non-interference in the internal affairs of other sovereign states, peaceful coexistence, collective security, non-proliferation of nuclear weapons, the right to self defense and to equitable and fair trade. The department of foreign affairs shall be revitalized with staff that has proven expertise in diplomacy and negotiation.

10.1.2 Immigration policy shall control unnecessary influx of foreigners and illegal immigrants who put pressure on the already contracting labour market. Proliferation of portable firearms and security breakdown is caused partly by the influx of illegal immigrants. The immigration department shall be reformed to be efficient, corrupt-free and promote the national interest.

## **10.2 Globalization**

10.2.1 Globalization is not a new phenomenon although the velocity of its impact has taken greater proportions on economies and polities of the liberalizing nations in the developing world. As a universal process, globalization is a process that integrates the economies, markets, politics and cultures of different countries hitherto protected by sovereign entities, geographical boundaries, economic imperatives and trade tariffs into one “global village”. Economic globalization, in particular, stresses the “free market economic” philosophy as a better alternative to “command economies” controlled by the state. Free market competition is an efficient tool seen as promising substantial economic returns for nations through international trade, labor migration, capital and technological investments and transfers and the free flow of goods and services across national frontiers.

10.2.2 Globalization has overwhelmed and disenchanted Africa because none of its favored appendages of production are readily available in the continent. Lack of capital and modern technologies, in particular, has marginalized Africa in terms of its share in international trade and labour mobility. Poor industrial base, weak investment infrastructure and adverse climate continue to deter potential foreign investments coming to the continent. It is imperative that African countries understand the phenomenon of globalization and position themselves strategically in the global political economy and use their areas of

comparative advantage to benefit from free markets especially in textiles and other agro- products.

10.2.3 The Government of Malawi shall, therefore, demonstrate that:

10.2.3.1 It understands the phenomenon of globalization and its implication on the national polity and economy;

10.2.3.2 It is capable of positioning the country strategically in the global political economy for the benefit of Malawians;

10.2.3.3 It defends and promotes the basic national interests of all Malawians in its regional and global negotiations, treaties and agreements; and that

10.2.3.4 Any investment flowing under the guise of liberalization shall be to the optional benefit of Malawians and that the same shall be productive investment that is *not* dubious or providing hiding holes for mafia and terrorists.

### **10.3 Regional Cooperation and Integration**

10.3.1 As a response to the forces of globalization, continents are in the process of regrouping themselves at a lower level in a process called regional integration. Countries are busy shifting parameters and merging with other countries to create regional trade and economic blocs. European countries have since the post war era formed what is today called the European Union. The nation-state is currently being viewed as inadequate to compete in the global village with its underlying neo-liberal paradigm. Recently African leaders agreed to transform the old Organization of African Unity (OAU) into the African Union

reportedly to reflect current challenges. This is evidently a restructuring process to position Africa in line with globalization.

10.3.2 At a lower level Malawi is a member of the Southern African Development Community (SADC). This is a regional body that brings together 14 countries. Just as a response to globalization, countries in the SADC region are inclined towards putting up common political, economic, and social as well as cultural caveats that would enhance their interaction towards perceived mutual benefits. The most prominent types of regional integration are Economic integration and political integration. Processes towards economic integration include the removal of barriers to trade like tariffs and the establishment of common markets and customs unions. Countries may also agree to do a division of labor by sharing resources and specializing in producing a product in which they have better comparative advantage. Countries even reach levels of agreeing to use a single currency like the Euro for the EU and a common central bank. Economic integration has been fomented behind the principles of economic liberalization, which is the main pillar of globalization.

10.3.3 Political integration on the other hand entails the merging of polities of different countries into common political units. Countries therefore forge politically related protocols that are expected to be followed by member states. On the other extreme member states agree to have common branches of government for example the European Parliament or the European court of justice.

#### **10.4 Experiences of Malawi**

10.4.1 Malawi has been an active player in the integration into the SADC to the extent of being chair for the regional body in the year 2001/2002. While top government officials have supported such integration in preparation for participation in the globalization processes, the benefits to the majority of

Malawians are still illusory. This is against the expectation that every policy decision government makes must have its people as primary beneficiaries. As a SADC member state, the benefits Malawi has reaped are roughly summarized to be only in the forestry sector, for example, the establishment of a College of Forestry in Dedza.

10.4.2 Clearly Malawi is not benefiting as expected in the core area of foreign trade. This is remarkable especially when we consider the fact that due to economic liberalization, Malawi is importing more commodities and finished goods than what she is exporting thereby creating trade imbalances. Malawi is therefore experiencing declining terms of trade. Notably South Africa is contributing more to this imbalance as over 80% of Malawi's imports within SADC come from the RSA. Little surprise then that recently South African shops in the names of Shoprite and others are taking advantage of Malawi's weak spots to dominate local shops and eventually uproot them out of business. Kandodo and Chipiku shops have fallen prey to such trends and thereby leading to massive job losses. While the foreign firms are employing a clique of Malawian nationals, the foreign owners take the bulk of the top jobs and this is a form of labour repression for capital gains. Foreign firms also repatriate their capital to safe havens in the name of capitalism and create macro-economic instability in the country. Moreover the number of jobs lost is greater than the number job opportunities created in the process. In addition the foreign firms prefer to bringing in products that are already produced elsewhere, for example, beverages, cooking oils, soap, and sometimes even vegetables. The implications of this development on local firms are disastrous, as local firms do not have the competitive advantage; enough capital and the technological wedge to produce cheaper products. Closure of local firms, therefore, becomes rampant. In addition, this form of lopsided economic integration runs contrary to the spirit of poverty reduction efforts of empowering local small-scale entrepreneurs.

10.4.3 The forthcoming Government of Malawi shall strive to do the following in regard to forces of globalization, regional cooperation and integration:

10.4.3.1 Practice selective regional cooperation and integration in response to forces of globalization;

10.4.3.2 Use the national interest as benchmark for regional cooperation and integration programs and policy;

10.4.3.3 Be consultative on these matters of life and death and then conduct fair assessment of how the rural most located Malawian can benefit from regional and global initiatives. Each government has the interest of its own people at heart and Malawi government should have the liberty to act against forces that are detrimental to its own people; and

10.4.3.4 Not to be swayed by the so-called global winds that are not in the interest of her own people. Malawi must only integrate if the benefits to its people are clearly calculated to outweigh the costs of getting involved in such processes.

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