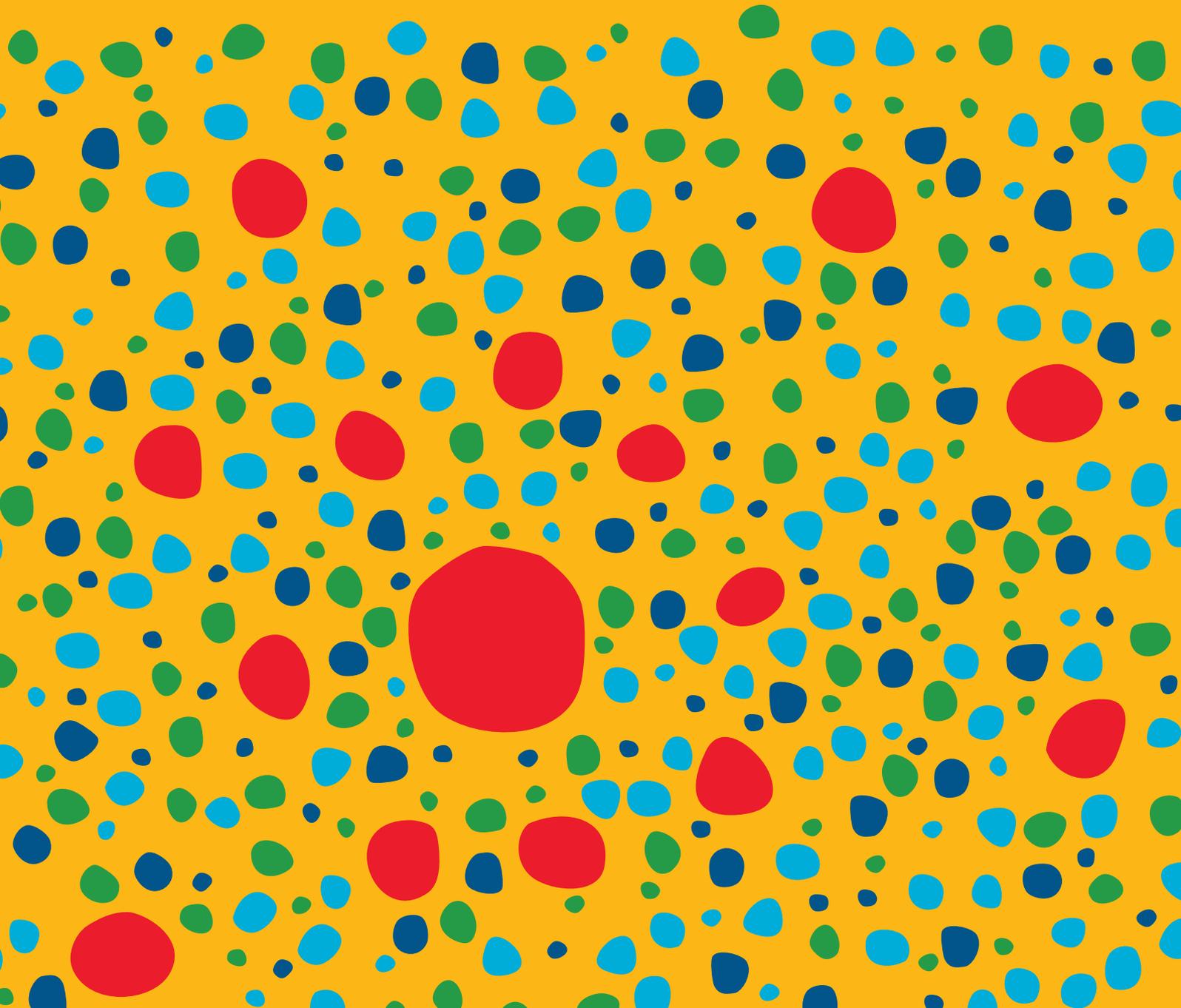




# MALAWI NATIONAL HUMAN DEVELOPMENT REPORT 2021

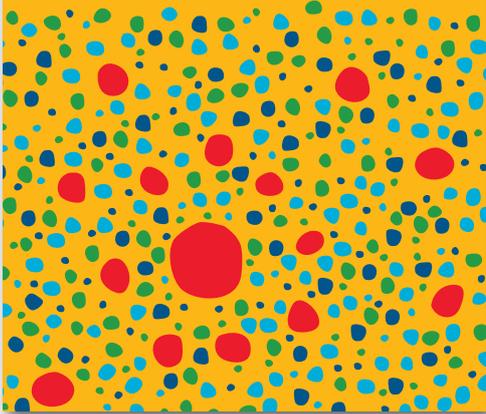
## DELIVERING SUSTAINABLE HUMAN DEVELOPMENT AND ACCOUNTABILITY AT THE LOCAL LEVEL: THE EXPERIENCE OF DECENTRALISATION IN MALAWI





MALAWI NATIONAL HUMAN DEVELOPMENT REPORT 2021

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ACCOUNTABILITY AT THE LOCAL LEVEL:  
THE EXPERIENCE OF DECENTRALISATION IN MALAWI



The cover illustration is depicting the devolution of power from central government to local assemblies and onto the grassroots.

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# FOREWORD

I am pleased to introduce the latest Malawi National Human Development Report (MNHDR), which is the 7<sup>th</sup> Edition. Since the attainment of independence in 1964, Malawi has formulated and implemented various development policies, strategies, and plans that sought to give direction to the development process of the country and improve the living standards of the citizens including building an inclusively wealthy and self-reliant nation. It has also periodically resorted to structural and economic reforms to rejuvenate the economy. However, an overreliance on agriculture, an undiversified export basket and exogenous shocks have resulted in episodic growth and stagnation in the measures of human development. Even when growth has been positive, structural inequities have ensured that the benefits from economic growth are not equitably shared across the population.

For the past two decades, the Malawian Government has embraced and employed the human development approach as a more comprehensive pathway to human-being and sustainable development instead of the commonly used money metric approach. The human development approach is inherently more appealing and realistic due to its comprehensiveness since it includes key dimensions of human development like health, education, and Gross National Income per capita that are also criti-

cal for delivering sustainable human development and accountability at the local level, which is the focus of this National Human Development Report.

The 7<sup>th</sup> Edition of the Malawi National Human Development Report (MNHDR) is unique and innovative in two respects. First, the human development approach adopted in this report has been spatially disaggregated to calculate the district-level human development indices to capture spatial differences in the level of human development across districts, cities and regions. Second, it emphasizes the contribution of good local governance to promoting social welfare and human development at the local level. These innovations make the Malawi NHDR of immense relevance and use for the country's development process and ownership of development initiatives by the citizens.

In view of the above, the Government of the Republic of Malawi remains committed to making investments that will improve the nation's general well-being and reduce spatial disparities in human development, as highlighted in this Report. We believe that doing so will enable all citizens to meaningfully participate in the development process of their country and make them to benefit from the dividend of development, as espoused in the Malawi 2063.



.....  
**Rt Honourable Dr. Saulos Klaus Chilima**  
**VICE PRESIDENT OF THE REPUBLIC OF MALAWI,**  
**AND**  
**MINISTER FOR ECONOMIC PLANNING AND**  
**DEVELOPMENT AND PUBLIC SECTOR REFORMS**

# PREFACE

The United Nations Development Programme (UNDP) is once again pleased to be a key strategic partner with the Government of the Republic of Malawi in its sustainable human development endeavours. The partnership could not have been better demonstrated than the strong collaboration that has led to the production of the 7th Edition of the Malawi National Human Development Report (MNHDR), with the theme **“Delivering Sustainable Human Development and Accountability at the Local Level: The Experience of Decentralization in Malawi”**.

The first human development report was produced by UNDP at the global level in 1990 to influence policies on global development challenges and issues. This first global report significantly influenced the human development discourse and led to the production of continental, regional, and national human development reports on various thematic development issues to influence policies at these levels. Since then, Malawi has produced six other NHDRs, with this report being the 7th Edition. This report, which focuses on a district-level approach to human development in Malawi, gives significant recognition to the need to have strong foundations of sustainable human development at the grass-

roots levels if citizens are to enjoy long and healthy lives and have the capability to actively participate and contribute to the development process of their country. Thus, the report responds to Malawi’s fundamental development question of “why has development stagnated in Malawi while neighbouring countries have progressed? More so, it highlights key challenges and strategic policy, and programmatic interventions would be required to deliver sustainable human development and accountability at the local level. It further advances the urgent need to strengthen fiscal and gender sensitive decentralization, enhance local governance system, and the need for a robust monitoring and evaluation system to institutionalize sustainable human development at the local level.

Given the rich advocacy and policy strategic issues emerging in the report, UNDP prevails on all policymakers and stakeholders leading and playing active role in the implementation of Malawi’s development agenda to take the time and read through the report and its accompanying abridged version to effectively design and policy and programmatic interventions that should be effectively to promote sustainable human development and accountability at the local level and reduce disparities in human development at national and local levels.



**Shigeki Komatsubara**

**UNDP RESIDENT REPRESENTATIVE**

# ACKNOWLEDGEMENTS

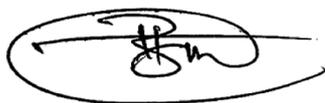
The 7th Edition of the Malawi National Human Development Report (MNHDR) has been prepared with support from the United Nations Development Programme (UNDP) through the National Planning Commission (NPC) and the Ministry of Economic Planning and Development and Public Sector Reforms. Preparing for the NHDR for Malawi commenced in July 2018 through stakeholder consultations with the representatives from key sector government ministries, departments, and agencies, the private sector, academic and research institutions, civil society, and development partners, which agreed on the theme for the Report.

This report is an outcome of invaluable contributions and support by numerous stakeholders in Malawi, to which we are highly indebted. The UNDP Senior Management Team led by the UNDP Resident Representative, Shigeki Komatsubara and Claire Medina (former Deputy Resident Representative). Other UNDP team members who have played significant role in the production of the report include Moses Sichei (Former Economic Advisor), Wilmot A. Reeves (present Economic Advisor), Patrick Kamwendo (Economics Specialist), Ms. Luta Shaba (Gender Advisor), Agnes Chimbiri (Governance Portfolio Manager) and Thokozire Gausi (Research Associate and Young Professional) who tirelessly provided technical guidance and quality assurance support

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We are also thankful to the Research Team from the Centre for Independent Evaluations (CIE) that comprised Professor Charles B. L. Jumbe, Professor Maureen L. Chirwa, Frederick Bwayi Mng'ondi Msiska, and Joseph S. Kanyamuka, who were responsible for data collection, analysis and drafting the report. The role of the copy editor, Tanni Mukhopadhyay, and the graphic designer, Austin Madinga, is equally very much appreciated and we want to extend our thanks and appreciation to them.

Finally, we are grateful for the technical support and information given to the Research Team from the National Statistical Office, the Ministry of Education, Ministry of Health (MoH), Ministry of Local Government, the National Local Government Finance Committee, Electricity Supply Corporation of Malawi, Malawi Revenue Authority, the District Commissioners and Chief Executive Officers in all the various Local Councils, and the various Heads of Departments in the Local Councils and the various Civil Society Organizations, as well as our own institutions, the Ministry of Economic Planning, Development and Public Sector Reform and the National Planning Commission.



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**DEVELOPMENT AND PUBLIC SECTOR REFORMS**

# ACRONYMS

|                   |  |
|-------------------|--|
| ACB               | : Anti-Corruption Bureau   |
| ACPC              | : Area Civil Protection Committees                                   |
| ADC               | : Area Development Committee   |
| ADDRMO            | : Assistant District Disaster Risk Management Officers               |
| ADMARC            | : Agricultural Development and Marketing and Development Corporation |
| AEC               | : Area Executive Committees  |
| AFOLU             | : Agriculture, forestry, and other land use                          |
| AIDS              | : Acquired Immuno-Deficiency Syndrome                                |
| AIP               | : Annual Investment Plan   |
| CBO               | : Community-based Organization                                       |
| CCJP              | : Catholic Commission for Justice and Peace                          |
| CDF               | : Constituency Development Fund                                      |
| CDP               | : Capacity Development Plan  |
| CDP               | : Constituency Development Plan                                      |
| CEO               | : Chief Executive Officers   |
| CO <sub>2</sub>   | : Carbon dioxide   |
| CO <sub>2</sub> e | : Carbon dioxide equivalents   |
| CPCs              | : Civil Protection Committees  |
| CPI               | : Corruption Perception Index  |
| CPI               | : Consumer Price Index   |
| CSO               | : Civil Society Organization   |
| DADO              | : District Agricultural Development Officer                          |
| DC                | : District Commissioner/District Council                             |
| DCCM              | : Department of Climate Change Management                            |
| DDF               | : District Development Fund  |
| DDP               | : District Development Plan  |
| DDPS              | : District Development Planning System                               |
| DEA               | : Data Envelopment Analysis  |
| DEC               | : District Executive Committee                                       |
| DEVPOLS           | : Statement of Development Policies                                  |
| DHO               | : District Health Officer  |
| DHRM&D            | : Department of Human Resource Management and Development            |
| DoDMA             | : Department of Disaster Management Affairs                          |
| DPD               | : Director of Planning and Development                               |
| DPs               | : Development Partners   |
| DRC               | : Democratic Republic of Congo                                       |
| DRM               | : Disaster Risk Management   |
| DRTSS             | : Directorate of Road Traffic and Safety Services                    |
| EPI               | : Environmental Performance Index                                    |
| ESCOM             | : Electricity Supply Commission of Malawi                            |
| EYS               | : Expected Years of Schooling  |

|          |   |
|----------|---|
| FBO      | : Faith-Based Organization  |
| FGD      | : Focus Group Discussion  |
| FI       | : Financial Inclusion   |
| FISP     | : Farm Input Subsidy Program  |
| FTS      | : Financial Tracking Service  |
| GDI      | : Gender Development Index  |
| GDP      | : Gross Domestic Product  |
| GER      | : Gross Enrolment Ratio   |
| GFSI     | : Global Food Security Index  |
| GHDR     | : Global Human Development Report   |
| GHG      | : Greenhouse Gas  |
| GII      | : Gender Inequality Index   |
| GIR      | : Gross Intake Ratio  |
| GNI      | : Gross National Income   |
| GNP      | : Gross National Product  |
| GOM      | : Government of Malawi  |
| GPI      | : Gender Parity Index   |
| GRF      | : General Resource Fund   |
| GTZ      | : Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation) |
| GVH      | : Group Village Headmen   |
| HDI      | : Human Development Index   |
| HDR      | : Human Development Report  |
| HDRO     | : Human Development Report Office   |
| HIV      | : Human Immuno-Deficiency Virus   |
| HMIS     | : Health Management Information System  |
| HR       | : Human Resources   |
| IFMIS    | : Integrated Financial Information System   |
| IGFTS    | : Inter-Governmental Fiscal Transfer System   |
| IHDI     | : Inequality Adjusted Human Development Index   |
| IHDI     | : Inequality Human Development Index  |
| IMF      | : International Monetary Fund   |
| INDEBANK | : Investment Development Bank   |
| KII      | : Key Informant Interviews  |
| LDF      | : Local Development Fund  |
| LDP      | : Local Development Plans   |
| LFPR     | : Labor Force Participation Rate  |
| LGA      | : Local Government Act  |
| LGAP     | : Local Government Accountability Project   |
| LGS      | : Local Government System   |
| LGSC     | : Local Government Service Commission   |
| M&E      | : Monitoring and Evaluation   |
| MALGA    | : Malawi Local Government Association   |
| MDAs     | : Ministries, Departments and Agencies  |
| MDC      | : Malawi Development Corporation  |

|           |   |
|-----------|---|
| MEAL      | : Monitoring, evaluation, accountability, and learning                    |
| MEC       | : Malawi Electoral Commission   |
| MGDS      | : Malawi Growth and Development Strategy                                  |
| MNHDR     | : Malawi National Human Development Report                                |
| MICS      | : Multiple Indicator Cluster Surveys                                      |
| MK        | : Malawi Kwacha   |
| MMR       | : Maternal Mortality Ratio  |
| MNHDR     | : Malawi National Human Development Report                                |
| MoA       | : Ministry of Agriculture,  |
| MoE       | : Ministry of Education   |
| MoEPD&PSR | : Minister of Economic Planning and Development and Public Sector Reforms |
| MoF       | : Ministry of Finance   |
| MoGCD&SW  | : Ministry of Gender, Community Development and Social Welfare            |
| MoH       | : Ministry of Health  |
| MoLG      | : Ministry of Local Government  |
| MoU       | : Memorandum of Understanding   |
| MP        | : Member of Parliament  |
| MPI       | : Multidimensional Poverty Index  |
| MPRSP     | : Malawi Poverty Reduction Strategy Paper                                 |
| MRA       | : Malawi Revenue Authority  |
| MSCE      | : Malawi School Certificate of Education                                  |
| MT        | : Metric ton  |
| MYS       | : Means Years of Schooling  |
| NDC       | : Nationally Determined Contributions                                     |
| NDP       | : National Decentralization Programme                                     |
| NEEF      | : National Economic Empowerment Fund                                      |
| NEER      | : Nominal Effective Exchange Rate   |
| NGO       | : Non-governmental Organization   |
| NHDR      | : National Human Development Report                                       |
| NICE      | : National Civic Education Initiative                                     |
| NLGFC     | : National Local Government Finance Committee                             |
| NPC       | : National Planning Commission  |
| NRB       | : National Registration Bureau  |
| NRDP      | : National Rural Development Programme                                    |
| NSO       | : National Statistical Office   |
| ODI       | : Overseas Development Institute  |
| OECD      | : Organization for Economic Co-operation and Development                  |
| OPC       | : Office of President and Cabinet   |
| OPHI      | : Oxford Poverty and Human Development Initiative                         |
| ORT       | : Other Recurrent Transactions  |
| PAPs      | : Poverty Alleviation Programmes  |
| PDNA      | : Post-Disaster Needs Assessment  |
| PHC       | : Population and Housing Census   |
| PMU       | : Project Management Unit   |
| PPP       | : Purchasing Power Parity   |

|          |  |
|----------|--|
| SACCO    | : Savings and Credit Cooperative                                     |
| SADC     | : Southern Africa Development Community                              |
| SAPs     | : Structural Adjustment Programme                                    |
| SDG      | : Sustainable Development Goals                                      |
| SEC      | : Security Executive Committee                                       |
| SEP      | : Socio-Economic Profile   |
| SGR      | : Strategic Grain Reserve  |
| SHD      | : Sustainable Human Development                                      |
| SSA      | : Sub-Saharan Africa   |
| STA      | : Sub Traditional Authority  |
| TA       | : Traditional Authority  |
| TFR      | : Total Fertility Rate   |
| TVET     | : Technical and Vocational Education Training                        |
| UEC      | : Urban Executive Committee  |
| UN       | : United Nations   |
| UNCDF    | : United Nations Capital Development Fund                            |
| UNDP     | : United Nations Development Programme                               |
| UNESCO   | : United Nations Educational and Scientific Organization             |
| UNFPA    | : United Nations Population Fund                                     |
| UNOCHA   | : United Nations Office for the Coordination of Humanitarian Affairs |
| USAID    | : United States Agency for International Development                 |
| USD/US\$ | : United States Dollar   |
| VAP      | : Village Action Plan  |
| VCPCs    | : Village Civil Protection Committees                                |
| VDC      | : Village Development Committee                                      |
| VNRMCs   | : Village Natural Resources Management Committees                    |
| VSL      | : Village Savings and Loans  |
| VSU      | : Victim Support Unit  |
| WDR      | : World Development Report   |
| WGI      | : Worldwide Governance Indicators                                    |
| WHO      | : World Health Organization  |

# EXECUTIVE SUMMARY

## Preamble

The theme of the 7<sup>th</sup> Edition of the Malawi National Human Development Report (MNHDR) is ***“Delivering Sustainable Human Development and Accountability at the Local Level: The Experience of Decentralization in Malawi”***. This theme recognizes the importance of good local governance in contributing to sustainable human development in three ways: (1) by delivering services and promoting sustainable development more effectively and efficiently; (2) by giving people a voice in to actively participate in the development process of their country in a more inclusive way; and (3) by empowering the local people to demand transparency and accountability from the duty bearers and service providers. Therefore, it is by strengthening local governance structures that duty bearers and service providers can meaningfully deliver on the local development plans to benefit the people at the local level.

This report proposes strategic measures for strengthening the accountability of local institutions for a meaningful socio-economic transformation of the local level. It highlights the structural characteristics of Malawi’s decentralization agenda, embracing a district-focused approach to human development. It is in line with the decentralization policy reflecting the country’s spatial population distribution, outlined in the Malawi Growth and Development Strategy III (MGDS III) for achieving the Sustainable Development Goals (SDGs). The same can be said about the decentralisation approach in the Malawi 2063, which aims to strengthen local councils to develop their own economic activity and projects in various sectors such as mining, tourism, commercialized agriculture, or other economic activities that will help to develop the potential wealth of local dwellers and their communities.

This report builds on the findings from quantitative and qualitative analyses obtained from various data sources. The quantitative data include (a) macro-

level economic databases from the National Statistical Office (NSO), Reserve Bank of Malawi (RBM), Ministry of Finance, Ministry of Economic Planning and Development and Public Sector Reforms (MOEDP&PSR), UN organizations (e.g., FAO, UNDP, UNICEF), World Resources Institute, World Bank and the International Monetary Fund (IMF); (b) Sectoral data sets from the Ministry of Agriculture, (MoA), Ministry of Health (MoH), Ministry of Education (MoE), National Local Government Finance Committee (NLGFC); and (c) District-level data from various local councils across the country.

The qualitative data were collected through stakeholder consultations at national, district and community levels using different data collection tools. The report also benefitted from the review of research reports, publications and documents compiled by the Government of Malawi, and publications from sources such as World Development Reports, Human Development Reports, and FAO publications. At the time of preparing this report, most countries in the world including Malawi had been affected by the COVID-19 pandemic, which has had far-reaching implications on its social and economic environment. This report also highlights its impacts on sustainable human development.

## Status of Malawi’s Human Development

### National and District Level Human Development Indices

Over the years, Malawi has registered improvements in Human Development Index (HDI) giving hope for the country to make further strides in this respect. In 1990, Malawi had an HDI value of 0.333, which has improved to a current HDI value of 0.483 in 2019, as estimated in the 2020 global Human Development Report. Yet, Malawi remains within the low human development category (thus, below the 0.513 low human development threshold) and below the Sub-Saharan Africa (SSA) average of 0.547.

Regional HDI analysis reveals slight disparities in HDI across all three regions of the country. The Northern Region leads with an HDI value of 0.496, followed by the Central Region with an HDI value of 0.495 and the Southern Region at the bottom with an HDI value of 0.490.

Across the major cities of Malawi, only Zomba City falls within the medium HDI category with HDI of 0.545 (~0.55), while the rest of the cities fall within the low HDI category. On the other hand, district-level HDI computations show that all the districts in Malawi fall within the low HDI category with estimated HDI values below 0.55. Five districts have HDI values above 0.5, *albeit* below the medium HDI threshold category. These are Blantyre (0.514), Neno (0.514), Mwanza (0.513), Chitipa (0.506) and Rumphu (0.503). The five bottom districts with the least HDI values are Dowa (0.482), Mulanje (0.480), Nsanje (0.475), Mangochi (0.459), and Machinga (0.455).

In terms of inequality, the Inequality Adjusted Human Development Index (IHDI) for Malawi stands at 0.345, a decline from the 2018 HDI of 0.483. This represents a decline of 28.6 percent in human development due to inequality in the distribution of the HDI dimension indices. However, this loss is less than that for Mali, Zambia, and the average for low HDI Sub-Saharan African countries, with registered losses due to inequality of 33.4, 31.4 and 30.5 percent, respectively in the same year.

## Gender Development and Gender Inequality Indices

With respect to the Gender Development Index (GDI), Malawi falls within GDI Group 1 with high equality in HDI achievements between men and women, having a GDI value of 0.986 and ranked 174 out of 189 countries by HDI in 2019. On the other hand, the Gender Inequality Index (GII) for Malawi was estimated at 0.565, thus ranking the country 142 out of 162 countries in 2019. Despite this inequality, there are improvements in women representation in parliament, which has increased from 5.4 percent in 1994 to 22.9 percent in 2019. Most

recently, the number of female parliamentarians went up almost 6.0 percent from 17 percent in 2018 to 22.9 percent in 2019.

## Poverty and deprivation indices

Poverty analyses in this report confirm findings from other studies, which show that Malawi's poverty conditions have gender disparities with spatial variations. Between 2010/11 and 2016/17, income poverty incidence amongst the female-headed households increased from 57.2 percent in 2010/11 to 58.7 percent in 2016/17. For their male counterparts, it remained steady around 49.1 percent over the same period. Comparative spatial poverty analyses show both regional and urban-rural disparities. The Southern Region has the highest poverty incidence of about 60 percent, followed by the Northern Region (49 percent) and Central region (48 percent). Urban areas have poverty incidences not exceeding 18 percent, with Blantyre having the lowest poverty incidence estimated at 8 percent. Phalombe District in the Southern Region has the largest population of people living in poverty at 83 percent.

Beyond the income poverty, Malawi's Multidimensional Poverty Index (MPI) stood at 0.243 in 2019, with 52.6 percent of the population being multidimensionally poor. On the other hand, the breadth of deprivation (intensity) experienced by those in multidimensional poverty stood at 46.2 percent, while 28.5 percent of the population are considered vulnerable to multidimensional poverty.

## Decentralization in Malawi

The experience of Malawi in undertaking decentralization highlights its particular features and constraints. The political and institutional aspects, accompanied by the administrative and fiscal elements of decentralization, have not often progressed at a coordinated pace, leading to disparate and uneven performance, especially between urban and rural districts. This has led to variable outcomes in terms of service delivery and benefits for local populations. The elements of successful decentralization need to be undertaken in concert and with appro-

appropriate planning, capacities, resources, and effective accountability. The findings presented hereafter indicate the experience and lessons learnt about the decentralization efforts in Malawi, which need to be considered through strategic policy and programmatic interventions going forward.

### **An unfinished fiscal decentralization agenda hinders viable district focused sustainable human development efforts.**

The report finds that inadequate efforts at fiscal decentralization and limited financial resources are among the major challenges that affect the performance of district councils in terms of efficient and quality service delivery. Most district councils have a weak capacity to mobilize their own resources. About 71-72 percent of the funding to councils comes from central government transfers, which is also affected by the country's limited fiscal space and austerity measures. The balance of 28-29 percent comes from own locally generated revenues.

A decomposition of the funds transferred from the central government to the local councils shows that earmarked sector funds are a major source of funds available to local councils. In the 2017/18 fiscal year, the sector funds accounted for about 63 percent of the total funding to the councils, followed by District Development Fund (DDF) and Constituency Development Fund (CDF). Both central government transfers and local revenue sources fail to meet district councils' annual targets.

In terms of district revenue sources, most district councils generate their revenue from five sources as provided for in the Local Government Act of 1998, namely: i) property rates; ii) ground rents; iii) fees and licenses; iv) commercial undertakings; and v) service charges.

There are stark differences in the level of fiscal dependence/independence between urban and district councils. Urban councils are financially independent compared to their district counterparts. For instance, during the 2017/18 fiscal year, the share of own locally generated revenues for urban councils ranged from 58 to 88 percent. The opposite

is true for district councils, which mainly rely on central government transfers. However, there is room for improvement for increasing central government transfers and the local government's own local revenue by diversifying income generation activities and improving efficiency in revenue collection. For example, innovations with electronic technology such as electronic ticketing in most council markets can enhance the efficiency of revenue generation by reducing misappropriation of funds by the collectors.

Much as decentralization can spur local economic development, the current fiscal behaviour of some local councils does not inspire hope for attaining national development goals through a district-focused approach. There are concerns about the accountability of financial resources where incidences of mismanagement were uncovered by the National Audit Office that negatively affect the implementation of district development plans. For example, the 2018 National Audit Office report revealed that local/district councils had abused about 13.6 percent of their total council revenues, which is above half of the total value of own generated revenues. Due to a lack of adherence to financial management systems and procedures, some councils could not account for the generated revenues and abused the budgets by ignoring the budget guidelines and priorities. The National Audit Office reports have consistently highlighted inefficiencies, ineffectiveness, and disregard for efficiency in the use of resources, corroborated by various stakeholders interviewed during this analysis. This has crippled the implementation of the council's planned activities. Efforts need to be made to ensure adequate fiscal resources both through the allocation of central funds as well as local revenue mobilization and addressing the issue of leakage, inefficiency in spending, and pilfering and mismanagement across all levels of local administration.

### **Inefficient and ineffective administrative decentralization affects the realization of sustainable development.**

The implementation of administrative decentraliza-

tion is supported by the Malawi Constitution, which stipulates that all the local government technical personnel are to be subordinated to the local government elected duty bearers on policy matters. This constitutional provision assumes that the local government duty bearers (namely, Councillors) would have the requisite capacity to perform their constitutional obligations. Government functionaries must have the necessary skills and capacities to deliver efficient and effective services to the public.

However, this report finds that in most councils, Councillors acknowledged having inadequate capacity in crucial issues such as financial management, how to conduct checks and balances, and how to systematically identify community needs in their areas of jurisdictions. In the absence of a formal Capacity Development Plan (CDP), in some councils, Councillors are trained on the job by the Secretariat staff. However, with high vacancy rates at the Council's Secretariat, most Councils do not have the time and resources to organize such training for Councillors to acquire the required knowledge and skills that would help them to perform their duties, thus adversely impacting on the effectiveness and efficiency in the provision of quality services.

In line with the decentralization process, with effect from October 2016, the Local Government Service Committee (LGSC) took over the recruitment of local government personnel from the Civil Service Commission, Health Commission, and Teaching Service Commission. This policy decision was part of the complete decentralization of human resources from the central government (for all government ministries and departments) to the local government. It was accompanied by the devolution of the salaries from the central government to the local governments at the same time. With these changes, the capacity development of Councillors now rests with the Local Government Service Committee.

### **Challenges in local governance and accountability mechanisms**

While recognizing that strong local governance and accountability mechanisms are fundamental for

district focused sustainable human development, this analysis finds that some government ministries, departments, and agencies are yet to decentralize. Hence, there is a need for political will to expedite the decentralization process by providing resources to conduct functional reviews that would lead to the identification/creation of vacancies within the local councils and facilitate the actual filling in of such. Political and institutional decentralization will require leadership and commitment on the part of both the central and local governments, especially so since this entails sharing power, authority and financial resources for providing efficient and effective quality services, while at the same promoting transparency and accountability at the local government level.

During consultations with various stakeholders, it was reported that internal conflicts within and across governance structures do exist, more particularly among Member of Parliaments (MPs), Councillors and Secretariat staff. Unfortunately, these uneasy tensions amongst the local government duty bearers emanate from politically motivated self-interest and misunderstandings. A deeper analysis of these conflicts shows that, to a large extent, that they are instigated by literacy challenges and limited knowledge of individual roles and responsibilities in the local government system.

Interestingly, there is harmony and effective collaboration amongst the lower tier governance structures such as Area Development Committees (ADC), Village Development Committees (VDCs) and Area Executive Committees (AECs). The same extends to the various sectoral structures in agriculture, disaster management, health, education, amongst others. However, despite the existence of cooperation among local governance structures, there are limited operational resources for these lower tier governance structures. The internal conflicts amongst the council members' and elected duty bearers affect the vertical and downward accountability relations between the grass roots structures and those at higher Council (headquarter) level.

In terms of gender, while most of the elected duty

bearers (Councillors and MPs) are largely males, the lower tier governance structures particularly the Village Development Committees (VDCs) and Area Development Committees (ADCs) are largely dominated by females estimated at above 50 percent female representation. The dominance of males in various committees is based on traditional social norms and the perception that males are better suited for leadership positions (rather than on their capacity and ability to deliver effective and efficient quality services) whilst females are included in such committees only to fulfil numbers with little regard to their capacity to serve in various committees. Besides, this analysis finds that representation of the youths and people with disability in various committees was ad-hoc. As a result, these groups are not adequately represented in such structures.

A rent seeking behaviour is slowly emerging amongst the lower tier governance structures, replacing volunteerism and patriotic spirit that is supposed to be the hallmark of their existence and operations. This is manifested in two main ways, namely: i) demanding sitting allowances from the Council and non-governmental organizations (NGOs) for every activity they participate in, and ii) engaging in malpractices and abuses (including gender-related violence, corruption, nepotism) during distribution of relief items to victims as well as in the management of development initiatives coming to their villages. Reported gender-related violence include intimidation, discrimination, bullying behaviour, and victimization.

Self-initiated grassroots development projects are highly dependent on government funding. Most communities are incapable of mobilizing adequate resources for their own locally initiated development projects, particularly for capital-intensive ones. Grassroots communities continue to be highly dependent upon the central government, district councils, and non-governmental organizations (NGOs) to finance their developmental aspirations.

In addition, the report finds that due to high illiteracy levels, lower-tier governance structures such as ADCs and VDCs are not able to effectively fol-

low up on the specifics of their development programmes with different government departments. Hence, their susceptibility to abuse by relatively well-informed elected duty bearers and even council personnel.

The report finds that, except for the Malawi Local Government Association (MALGA) arrangement, there is no other platform for sharing of innovative ideas and experiences amongst councils. The MALGA has a Board of Trustees, Council and an Executive Committee through which members share information. In fact, absence of inter- and intra-district information sharing platforms is more pronounced for the lower tier structures, namely, the ADC and AEC. This vacuum denies the local government structures opportunities for sharing new ideas or institutional innovations that have proven to be effective in promoting sustainable human development in other local councils.

### **Gender and decentralization for sustainable development**

A review of the National Decentralization Policy of 1998 reveals that the policy is gender blind, as it does not disaggregate the needs of males and females. It only recognizes the needs of vulnerable groups such as street children, orphans, and the youths. Consequently, the decentralization policy fails to specifically address male and female practical and strategic needs in the Local Government structures. Gender has become an issue of concern in decentralization because its performance is determined by the socially ascribed roles of males and females, which have implications for local level decisions and representations. Conventional power hierarchies between men and women get replicated in the governance processes and embedded in institutions, limiting prospects for social transformation and change.

During the consultations, anecdotal notes and media reports showed inadequate gender capacity at all levels, which reduce the efficiency of governance systems, service delivery and cause alienation between males and females, mostly in favor of males.

As a result, after 20 years of implementing the decentralization policy, the efforts have not been able to bring in the more egalitarian socio-economic conditions between men and women; improve their engagement as development partners; or significantly increase women representation at various levels although there is some evidence of recent progress. For example, increased representation of women in parliament suggests that investments in promoting gender equality is producing dividends and more should be done to reduce male-female disparities. However, patriarchal stereotypes and cultural constructs remain strong and have not yet been transformed to the extent that the net effect is still male dominated governance structures.

### **Impact of COVID-19 on the economy and human development**

It is worth-noting that the impact of the COVID-19 pandemic on the Malawi economy cannot be underestimated. Recent studies have shown that the pandemic will negatively affect GDP growth rates, worsen trade balance and fiscal deficits because of the reduction in domestic revenue and reduced export revenue due to travel restrictions imposed as one of the COVID-19 preventive measures.

For instance, Malawi's GDP growth rate declined from 5.7 percent in pre-COVID-19 estimate to 1.7 percent in 2020. In the aftermath of the pandemic, the real GDP growth is projected to grow at 3.3% in 2021 and 6.2% in 2022.<sup>1</sup> In addition, the country has registered decline in revenue collection by 35 percent on average per month between pre-COVID-19 period and during the COVID-19 period.

Furthermore, the COVID-19 pandemic presents a human development crisis that will likely reverse all the gains made so far in key human development dimensions—health, education, and income per capita. For example, the impact of school closures and restricted/regulated school attendance as well as disruptions in accessing health services is likely to have multifaceted effects both in the short-term

and long-term.

School closures have had long-term impacts on girls' future – particularly for poorer and more remote families – whom media reports indicate that some of them have been unable to return after prolonged absence, as education has become unaffordable due to economic distress (because of reduced economic activity due to the pandemic), or school-going girls have gotten married or become pregnant. In the long-run, this will result in worsening human development conditions as measured by the HDI.

Further analysis shows that COVID-19 has also deepened poverty through loss of income and livelihoods as well as inability to access markets. This has likely driven many families to marry off their daughters at a tender age as a coping strategy to alleviate economic hardships, a deeply troubling development given the high rate of child marriages that already exist in Malawi. Other negative coping mechanisms include indulging in commercial sex and increased child labor, especially during school closures when many of the children have been idle.

Reports indicate that the COVID-19 cases picked up during the months of June, July, and August 2020, and declined from September towards October 2020. Besides, the case fatality rate in Malawi has generally been low relative to other African countries. It is, however, recognized that while the cases have declined during the first wave of the pandemic, cases have picked up during the second wave of the pandemic, which began early January 2021 for Malawi. This forced the President to declare a state of national disaster on 13<sup>th</sup> January 2021. By 15<sup>th</sup> January 2021, Malawi had registered a total of 11,223 cases with more local transmissions and 291 deaths (618 new cases and 6 new deaths on 15<sup>th</sup> January 2021). The cases are likely to continue given the laxity in the enforcement and following up of preventative measures among the general public. As such, the country will continue to grapple with the long-term impacts of the pandemic, and this calls for robust interventions and a comprehensive recovery plan if the country is to abate the impacts post-COV-

<sup>1</sup> Malawi Economic Outlook, (2021) African Development Bank, online at <https://www.afdb.org/en/countries/south-africa/malawi/malawi-economic-outlook>

ID-19 period. A preliminary assessment by the Presidential Taskforce on COVID-19 pandemic indicates that the country needs about USD220 Million to deal with the pandemic. Among others, education and health sectors are key target intervention areas to safeguard human development gains made so far, and to invest in social infrastructure to build forward better. An inclusive district-focused approach that puts decentralization at the center of the interventions and any recovery plan for the post-COVID-19 period will be critical in enhancing the delivery and performance of such mitigation interventions.

### Summary of Key Recommendations

The various insights obtained from the above analysis naturally call for practical policy actions by different stakeholders. The recommendations given herein point to the possibilities and opportunities for addressing the country's sustainable human developmental challenges by strengthening institutional accountability at all levels and a well-managed district-focused approach. Notwithstanding the multiplicity of institutional stakeholders involved in implementing the proposed recommendations, the National Planning Commission (NPC) should take a central role in coordinating the implementation of the recommendations in this report.

#### (a) *Invest in strategic policy and programmatic interventions that promote district focused human development approaches*

1. The Ministry of Economic Planning and Development and Public Sector Reforms and the National Planning Commission should develop strategies to improve stakeholder coordination and accountability, while addressing any inconsistencies in policy and programmatic interventions that aim at promoting district focused human development approaches. These interventions should focus on building human and institutional capacities, as well as creating the enabling environment, to support the implementation of policies, strategies, and programmes at national, council and community levels.
2. The Ministry of Local Government (MoLG) should

develop mechanisms for replicating and strengthening national sector specific governance structures at council level such as Technical Working Groups with explicit roles and responsibilities, communication and reporting mechanisms and monitoring and evaluation. This will help to align local demands to national priorities as a platform for sharing innovations among councils.

3. The Ministry of Local Government (MoLG) should explore ways of supporting the ministries, departments, and agencies (MDAs) that are yet to devolve their functions, with a view to put in place appropriate measures that are aimed at delivering effective and efficient quality services across diverse regions. This should involve dealing with issues of resource mobilization and functional reviews to support devolution activities of the said MDAs in the context of limited financial resources and recruitment freeze in Government.
  4. The Ministry responsible for Civic Education in collaboration with Ministry of Justice and Office of the President and Cabinet (OPC) should translate the country's key policies, legal instruments, and strategies in vernacular languages so that all stakeholders involved in the implementation of these are well informed of the expected outcomes and outputs. The translated materials to be packaged in simple, gender sensitive, user friendly language (with use of pictures, disability appropriate, accessible materials), and adequately distributed to the local communities through the local councils.
- #### (b) *Strengthening fiscal decentralization for local impact and results*
1. The Ministry of Finance should strengthen transparency and accountability in the management of financial resources in local councils and enhance prudent fiscal management through teller-made refresher courses in financial record keeping, internal auditing and procurement by the office of the Accountant General.
  2. The Ministry of Finance through the National Audit Office should enforce the financial man-

agement systems to ensure transparency and accountability of resource use in all district councils to ensure that the resources provided by the central government and own generated revenues are used efficiently to implement district development plans in line with the Local Government Act.

3. The Ministry of Finance; National Local Governance Finance Committee and Parliament, working under the guidance of the Public Finance Management Act and the Local Government Act, should undertake the necessary analyses to determine amongst others (a) the realistic and adequate share of different National Revenues or total national budget that should go to local governments in the light of the district focused approach to development and (b) which transfers should be conditional and unconditional, and matched or unmatched grants.
4. The Ministry of Finance and National Local Government Finance Committee should strengthen local council financial management skills in terms of monitoring (tracking) resource allocation in local councils, catchment areas (constituents), on one hand, and utilization and accountability processes, on the other hand. This would involve for example, (a) tracking the extent to which the national budget considers their inputs; (b) amounts allocated to different functions in the national budget and (c) extent to which resource utilization follows the given policy and legal frameworks.
5. The Ministry of Finance working with the Public Sector Reforms Programme and National Local Government Finance Committee should work on legal reforms aimed at enhancing local council revenue collection capacity at the local government level. This could involve earmarking a portion of local VAT to social infrastructure in the local councils.

(c) ***Strengthening local governance system to support decentralized service delivery***

1. The Directorate of Public Sector Reforms Programme in collaboration with the Ministry of Local Government should raise the educational

qualifications of all local government elected duty bearers (in line with the Report of the Special Law Commission, which proposed minimum qualifications for public officers) to a minimum qualification of MSCE level for effective service delivery and performing oversight on local council functions. This will also attract educated and capable Malawians including retirees to take up local leadership positions as part of the local governance system reform process.

2. The Ministry of Local Government (MoLG) should review and implement changes in the conditions of service for the Councillors that link the conditions of service of Councillors to those of other national elected duty bearers such as MPs and Head of State. For example, while MPs are allocated resources to implement various development projects with their areas, Councillors (though elected by the ballot as the MPs) are not provided with any such resources. Yet, Councillors stay in the villages where the local people stay and are directly accountable to them for the delivery of certain services and functions. By not providing resources, Councillors cannot effectively and efficiently perform their duties.
3. The Ministry of Local Government (MoLG) should take leadership in developing a reward and incentive system to recognize district councils for good performance through financial and non-financial incentives. Examples of financial incentives may include, (a) increasing more financial allocation to performing district councils and (b) establishing matching grants that would only be accessed by councils that meet agreed financial discipline thresholds. Non-financial incentives may include (i) annual awards to best performing council, (ii) staff training opportunities, (iii) linking performing councils to other investors or funders, and (iv) provision of advice and support materials (e.g., vehicles) to performing councils.
4. The Ministry of Local Government, working with the Directorate of Public Sector Reforms, should consider reviewing local government legal frameworks guiding the operations of the relevant gov-

ernance institutions to ensure their effectiveness. This is in view of the long-standing concerns over weak governance and accountability systems. The review should not only be limited to the legal framework but also policy framework and relevant guidelines. For instance, the Decentralization Policy dates to 1998 and its relevance has been compromised and overtaken by sectoral policies, which have been updated over the years.

5. The Ministry of Local Government should also lobby with the Office of the President and Cabinet and the Public Sector Reforms Management Unit to support the MDAs that are yet to devolve in line with the National Decentralization Policy to do so and accelerate the full devolution of their human resources to Local Authorities.
6. The Ministry of Local Government in collaboration with the Development Partners and the Local Authorities should embark on a comprehensive programme of strengthening the capacities of Local Governance structures, in particular the Village Development Committees (VDCs), the Area Development Committees (ADCs), the Area Executive Committees (AECs) and the District Executive Committee (DEC).
7. The Ministry of Local Government should strengthen coordination of inclusive growth and poverty reduction with wealth creation programmes and investments at Local Council level that target vulnerable groups such as women, orphans, and persons with disability more particularly in the rural areas. This calls for more action-oriented implementation by local councils beyond business as usual in line with the current thinking of the transformational agenda. This involves, among others, (a) formulating Local Development Plans (District and Urban Development Plans) that are responsive to the priority needs of the rural populace (b) striking a balance in their investments between the social needs and economic needs to ensure inclusiveness in rural economic development.

(d) ***Gender and decentralization***

1. The Ministry of Local Government (MoLG) in col-

laboration with the Ministry of Gender, Community Development and Social Welfare (MGCD&SW) should design and implement the gender transformative capacity programme for its political and administrative structures supported with policies, strategies, programmes and their implementation plans that will enhance their understanding of the nature and importance of gender roles and transform gender relations in planning, design and management of programmes.

2. Ministry of Economic Planning and Development and Public Sector Reforms should reinforce gender responsive planning and budgeting principles to be adhered to by government ministries, departments and agencies and the local councils within the context of programme-based budgeting through the Public Sector Investment Programme (PSIP).
5. Given that in some councils, women, youth and people with disabilities are under-represented in the local governance structures, the Ministry of Gender, Community Development and Social Welfare (MoGCD&SW) in collaboration with Ministry of Local Government (MoLG) should lobby and campaign for a fair share of representation of women, youth, people with disabilities and other vulnerable groups in decision-making positions particularly at district and local community levels. This entails strong advocacy for gender equality and empowerment of women and other vulnerable groups for the representation of marginalized groups who risk being left behind.
6. The Ministry of Local Government and Rural Development should lobby for political support and resources for gender mainstreaming activities in the Councils beyond the priority areas such as education, health, and agriculture to other areas such as environment, labour, among others. The post-pandemic measures to build back better should include measures to strengthen social infrastructure, recognizing women's critical contribution in education and healthcare services. They should further advocate for supportive services that will enable women's full contribu-

tion to the economy through participation in the labour force, and family friendly workplace policies that can address their burden of care work within families.

**(e) *Strategic Investment in Planning, Monitoring and Evaluation System***

1. The Ministry of Local Government (MoLG) should strengthen national and local council M&E systems by recruiting qualified M&E staff, filling existing vacancies, building capacity of M&E officers, increasing resources for M&E activities and digitalizing data collection and management system (web-based) with technical support from Ministry of Economic Planning and Development and Public Sector Reforms. Digital inclusion will be critical in preparing a capable workforce suited to the future world of work.
2. The Government through the Minister of Economic Planning, Development and Public Sector Reforms and the National Planning Commission should include MPI and HDI as key indicators in the development assessments and devising policy actions in the National Development Plans, namely the medium-term development strategies (e.g., MGDS) and long-term plans such as in the Malawi 2063. This will enable them to redress disparities within groups and regions and promote overall well-being of all, especially those furthest behind.
3. Ministry of Local Government (MoLG) through the District Councils should build capacities of M&E personnel to have functional local council M&E services that would, amongst others, be able to develop gender indicators, collect sex and gender disaggregated data and carry out analysis. There is also a need to institutionalize a monitoring and evaluation system that captures results and track changes on needs of males and females to provide equal opportunities for access to social and economic services.

**(i) *Enhancing the management and coordination capacity at the district council level***

1. Local councils should strengthen the coordination of inclusive and poverty eradication and wealth creation programmes and investments that target vulnerable groups such as women, youth, orphans, and people with disabilities more particularly in the rural areas. Challenging social norms that discriminate against women's participation in public life will be a critical starting point, and special efforts should be made to encourage women's voice and active participation in local decision-making processes.
2. Local councils should develop a new project management model around the existing decentralization guidelines and local governance structures to position the VDCs at the center of project management, coordination and ensure sustainability of implemented development projects. This entails supporting and building capacities for undertaking the management and coordination of project activities as a valuable objective within the broader goals.
3. The Local Governments, particularly Council Chairs and DECs, should consider prioritizing capacity building of the lower tier structures, namely ADCs, Neighborhood Committees, Ward Committees, VDCs and AECs to ensure efficiency in service delivery in the local councils even under the resource limitations. Training and learning opportunities can be structured into the broader interactions between the different levels of government.
4. The Ministry of Local Government should facilitate the development of Constituency Development Plans (CDPs) to be incorporated in the District Development Plans (DDPs) through which the CDF could be utilized to finance micro projects in respective constituencies.

**(f) *Achieving sustainable human development through efficiency improvements in the education sector***

1. Government should recognize the role of the education sector in Malawi as an instrument for poverty eradication and wealth creation. In this

respect, Government is urged to work towards **doubling transition rates from primary to secondary schools as well as improving the quality at these levels**, which in turn requires policy actions such as: tripling the infrastructural capacity of secondary school system; doubling the number of qualified teachers in secondary schools; and tripling higher education system's supply of qualified teachers for secondary schools, to account for slack of qualified teachers that go into other vocations. Improving the education sector is a sound investment in building social infrastructure that has manifold returns, as it builds the foundations for an educated and skilled workforce for the future.

2. As provided in the National Constitution, and having implemented the above education efficiency enhancing measures, Government through the Ministry of Education should work towards eliminating illiteracy in Malawi, making primary education compulsory and free to all citizens of Malawi, improving its quality, and offering greater access to higher learning and continuing education for all citizens. Ensuring equal opportunities for both boys and girls, and men and women in primary, secondary and tertiary education, will be critical in enabling the positive contributions of all towards the future prosperity of Malawi.

**(g) *Alleviating the impacts of COVID-19 on economic and human development***

1. The Ministries of Finance and Economic Planning, Development and Public Sector Reforms should design and champion the implementation of a comprehensive and expanded social protection programmes targeting various groups of people affected by the COVID-19 pandemic both in rural and urban areas. Local Governments should play a central role in providing the first line of service in responding to the immediate impacts of the pandemic.
2. Similarly, the government through the Ministries of Finance, and Economic Planning, Develop-

ment and Public Sector Reforms should develop tailor-made stimulus packages to support private sector businesses to cushion against the effects of COVID-19. Speeding up the disbursement of loans under the National Economic Empowerment Fund (NEEF) towards the private sector will help entrepreneurs and the private sector to recover from the effects of the pandemic. This should be complemented by tax holidays/window period for selected businesses to protect such businesses from collapsing.

3. The National Planning Commission, Department of Disaster and Management Affairs (DoDMA) and relevant stakeholders should coordinate the development and effective implementation of a National COVID-19 Recovery Plan. Again, there is need to develop strategies to mitigate against a possible second wave in the local governments.
4. The District Councils through the Directorates of Planning should facilitate the development of post-COVID-19 local government economic recovery plans to boost revenue collection for local economic development.



A packed classroom in a Malawian Primary School. The country needs to improve access to quality education and skills development.

Photo credit: GPE/Tara O’Connell

# CHAPTER ONE: INTRODUCTION

## 1.0 Background

### 1.1 Country profile

Malawi is a landlocked country in Southern Africa with a land area of 118,484 km<sup>2</sup> and has a total population of about 18 million (17,563,749) people with an inter-censal annual growth rate of 2.9 percent (NSO, 2018) between 2008 and 2018, which is one of the highest in Africa. It is higher than the regional average of 2.7 percent and the global average of 1.2 percent (World Bank, 2018). The country has a high dependency ratio of 95 percent compared to that for Sub-Saharan Africa (SSA) of 86 percent, which poses challenges to poverty eradication and wealth creation efforts. In addition, the country's population is expected to double by 2038, thereby putting pressure on its natural resources and posing a threat to natural resources and environmental sustainability (World Bank, 2018). This ever-increasing population has challenging implications for the provision of social services, including education and health, environmental protection, and natural resources management. Furthermore, the majority of the population's livelihoods are highly dependent on natural resources. The rapid population growth is thus one of the complex drivers of poverty in Malawi.

However, the country has made significant strides in reducing the total fertility rate (TFR) from 5.2 in 2008 to 4.2 in 2018 (NSO, 2017). The decline in fertility is attributed to the increasing use of modern contraceptives. Nevertheless, the decline has been too slow to contain the growth of the population. Studies also show that rural women generally have 1.7 more children than their urban counterparts, owing to the importance of more children to provide subsistence labour and old age security (World Bank, 2018). The country's population is youthful, with a median age of 17 years. Malawi is poised to benefit from demographic dividends if it is to improve access to quality education and skills aimed at improving human capital. Malawi has one of the lowest labour productivity indices (returns to labour) in the world. Therefore, it is not surprising that the country's living standards are very low, as evidenced by low Gross National Income (GNI).

Malawi is ranked among the least developed countries globally based on the Human Development Index (HDI) comparative analysis across countries. Malawi's HDI value for 2019 was 0.483— which put the country in the low human development cat-

egory— positioning it at 174 out of 189 countries and territories (UNDP, 2020). Since the HDI considers key dimensions of human development, namely health, education, and income per capita as a measure of living standards, Malawi has made little progress in improving the basic living standards of its people. This report is the 7<sup>th</sup> Edition of the National Human Development Report, whose theme is “**Delivering Sustainable Human Development and Accountability at the Local Level: The Experience of Decentralisation in Malawi**”.

### 1.2 Evolution of Human Development Reports in Malawi

The first Global Human Development Report (GHDR) was launched in 1990, which introduced the concept of “human development perspective which places people at the heart of the development process”. The National Human Development Report (NHDR) monitors progress using human development data and provides valuable information for evidence-based policy making at the national level. It also analyses various aspects of human development by selecting distinct, timely, and locally relevant themes.

Earlier national reports emphasized the linkage between economic growth and development with Gross Domestic Product (GDP) and economic growth as leading indicators of national progress. However, in the 1970s and 1980s, development debates considered using alternative metrics beyond GDP by emphasising employment, followed by redistribution with growth, and then whether people had their basic needs met. Proponents made two assumptions of income per capita as a measure of development. First, economic growth will automatically “trickle-down” and spread its benefits across society. Second, when economic growth fails to trickle down and instead causes income disparities, governments will step in to remedy the situation. By one or both routes, growth in per capita national income was expected to automatically reduce poverty (Stanton, 2007). However, it was observed that “highly concentrated and unequal growth was observed in some countries for prolonged periods so that there was no universal tendency for growth to spread. Nor did governments always show signs of correcting gross inequalities” (Hicks and Streeten, 1979, p. 567). Certain paradoxes also persisted: several countries had made significant progress in health and education despite having a modest in-

come growth, while others with strong economic performance over the decades failed to make similarly impressive progress in life expectancy, schooling, and overall living standards (UNDP, 2010).

Recognising this discrepancy, the Human Development Report Office (HDRO) introduced the Human Development Index (HDI) as a composite measure of achievement in the basic dimensions of human development across countries on three key development variables: income, health, and education. Thus, the HDI combines three dimensions of human development, namely, life expectancy at birth, mean years of schooling and expected years of schooling, and GNI per capita (PPP USD) to compute a single index that is used to compare the level of human well-being among countries or to monitor one country's progress over time.

Unlike other indicators of human development used in the past, the HDI provides an alternative to the common practice of evaluating a country's progress in human development based on per capita national income (Stanton, 2007). Different countries are making efforts to develop National Human Development Reports that provide HDIs at the national and provincial or administrative levels. Such NHDRs with provincial or administrative level HDIs are important for designing programs, strategies, and investments to reduce disparities in human development conditions as dictated by such NHDRs. In 2010, the HDRO introduced three additional indices: The Inequality-adjusted Human Development Index, the Gender Inequality Index, and the Multidimensional Poverty Index.

### 1.3 Malawi National Human Development Reports

With support from the UNDP, Malawi has so far produced six NHDRs with various themes. The NDHR themes are *Sustainable Social and Human Development* in 1997; *General Human Development Report Malawi* in 1998; *Poverty and Human Development in Malawi* in 2001; *Reversing HIV/AIDS in Malawi* in 2005; *Gender and Human Development* in 2010; and *Inclusive Growth* in 2015. This is the 7th Edition of the Malawi National Human Development Report with the theme: **“Delivering Sustainable Human Development and Accountability at the Local Level: The Experience of Decentralisation in Malawi”**. This theme is in line with the previous MNHDR on Inclusive Growth.

#### 1.3.1 Influence of the 2015 MNHDR on inclusive economic growth and development in Malawi

The 2015 MNHDR, which is Malawi's most recent past National Human Development Report, focused on inclusive growth, which refers to economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society (OECD, 2013). It was motivated by the realization that limited inclusivity in the increasing investments in the various sectors in Malawi is stifling sustainable development. For a long time, most development programs, and policies have been implemented with little involvement and engagement of the people that are supposed to be beneficiaries.

Following the 2015 MNHDR, there has been a growing recognition of the importance of ownership and involvement of citizens in the development process. This recognition has shaped the various policy documents that have been developed after the 2015 MNHDR. For example, most documents such as the Malawi Growth and Development Strategy (MGDS) II and III and the Malawi 2063 (MW2063) and its first 10-year Implementation Plan (MIP 1) have embraced various stakeholders' inclusion and participation, at the national and local level in delivering inclusive and sustainable growth and development. Specifically, the Malawi 2063, which is the long-term development strategy for the country, aims at building an inclusively wealthy and self-reliant industrialized upper middle-income country by 2063 and is anchored on three transformational pillars. They are Agricultural productivity and commercialization; Industrialization; and Urbanization. These transformational pillars are to be implemented through the following enablers: mind-set change, effective governance systems and institutions, enhanced public sector performance, private sector dynamism, human capital development, economic infrastructure, and environmental sustainability (Government of Malawi, 2020), all of which aim to enhance the capabilities and incomes of all Malawians including those in rural areas where the most people live (Government of Malawi, 2017). In addition, the Malawi 2063 and its first 10-year Implementation Plan can spur human development, as it includes investments in sectors that matter for developing indices to measure human development.

While the 2015 MNHDR was supposed to influence citizen participation in development activities, among other issues affecting the local communities, citizen participation is hindered by limited vertical

and horizontal accountability by the councils and upstream governance structures. In addition, it was also observed that top-down development planning is also limiting citizen participation in development activities as opposed to a participatory/bottom-up approach to development where the citizens are involved right from project conception through design to implementation. This also enhances monitoring and accountability of development projects for local economic development and subsequently, sustainable human development. **Chapter Four** of this report provides some insights on the extent and role of inclusivity in sustainable development in the context of decentralization.

## 1.4 Aims and Purpose of the 7<sup>th</sup> Edition of Malawi National Human Development Report

The 7<sup>th</sup> Edition of Malawi National Human Development Report under the theme “**Delivering Sustainable Human Development and Accountability at the Local Level: The Experience of Decentralisation in Malawi**” builds on the previous 2015 MNHDR on Inclusive Growth. It does so by interrogating how decentralization and district-level approaches to development and the role of good governance contribute to sustainable development. The premise for focusing on decentralization and a district-level focused approach to development is a recognition of the role of good local governance in contributing to sustainable development in three ways: (1) by delivering services and promoting sustainable development more effectively and efficiently; (2) by giving people a voice to actively participate in the development process of their country in a more inclusive way; and (3) by empowering the local people to demand transparency and accountability from the duty bearers and service providers.

The 7<sup>th</sup> Edition of the Malawi National Human Development Report aims to promote the district focused approach to human development by strengthening local governance structures in the development process, thereby accelerating rural development. This MNHDR has analysed the strengths and weaknesses of efforts made in the human development process in Malawi, particularly the role of decentralization and the district focused approach to human development in line with the National Decentralization Policy. It examines how local governance structures influence both decision making and development processes and has drawn lessons and made recommendations for enhancing the local governance systems to accelerate this rural development. All previous National Human Development Reports have included aggregate

measures of the Human Development Index at the national level. However, a national HDI did not go far in helping identify disadvantaged districts or regional and design specific programs and strategies to reduce such disparities. One of the most important contributions of this National Human Development Report is the computation of district-level Human Development Indices across all the 35 councils (28 district councils, 4 city councils, 2 municipal councils and one town council) in the country. This is the first innovation for computing district level HDIs, which would be extremely useful in targeting districts with development interventions based on their levels of human development informed by the HDIs. Thus, the computation of regional and district specific HDIs will help target interventions in various districts. Besides the HDI, the report has also analysed other development indices that will be useful to compare levels of development across regions and districts for policy interventions and programming of development activities.

Furthermore, the 7<sup>th</sup> Edition of the MNHDR proposes strategic measures to reinforce actions and commitments of local institutions’ accountability as duty bearers in line with the MGDS III and the Malawi 2063. It advocates for improvements in the socio-economic well-being of the people by implementing development interventions in local government areas where most of its people live while achieving equal opportunities for and active participation by all.

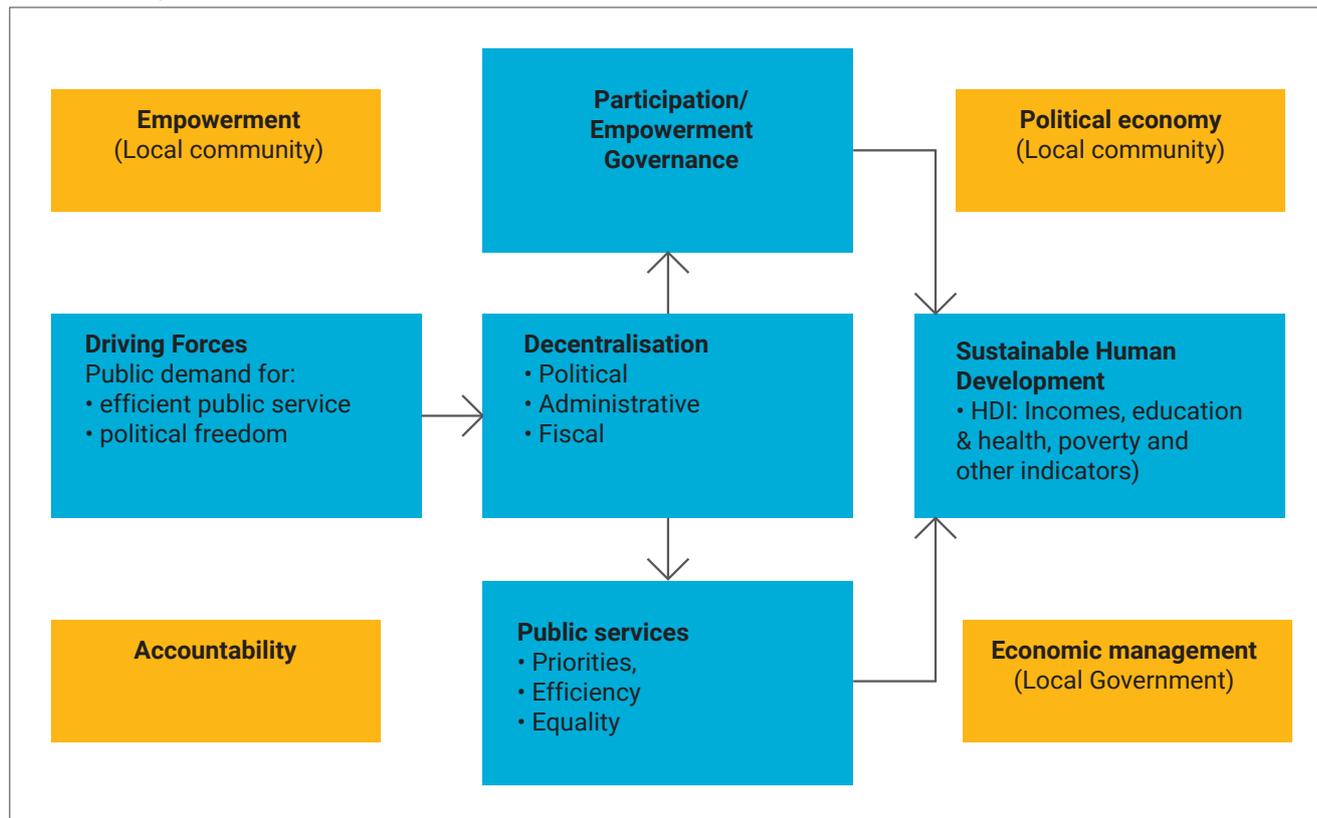
Data collection for the preparation of this MNHDR was completed just before the outbreak of the COVID-19. Despite this, efforts have been made to outline the socio-economic impact and how the COVID-19 has changed the economic dynamics in Malawi based on recent studies carried out in the country and elsewhere.

## 1.5 Methodological Approach

### 1.5.1 Conceptual Framework

In the spirit of a district focused approach to promoting sustainable human development and institutional accountability, the following conceptual framework, as shown in Figure 1.1, was adopted. In this Conceptual Framework (Figure 1.1), there are three dimensions of decentralization. These are as follows: a) political decentralization, which gives local citizens and their representatives more power in any type of decision making through elected representatives that set standards, institutions and legal frameworks; b) administrative decentralization that re-distributes authority, responsibility and resources among different levels of government; and c) fiscal

**Figure 1.1: Decentralization and sustainable human development through empowerment and improved service delivery**



Source: adapted from von Braun and Grote, 2000.

decentralization entails sharing the authority over raising revenues or access to transfers and making decisions on current and investment expenditures (von Braun and Grote (2003; Schneider, 2003).

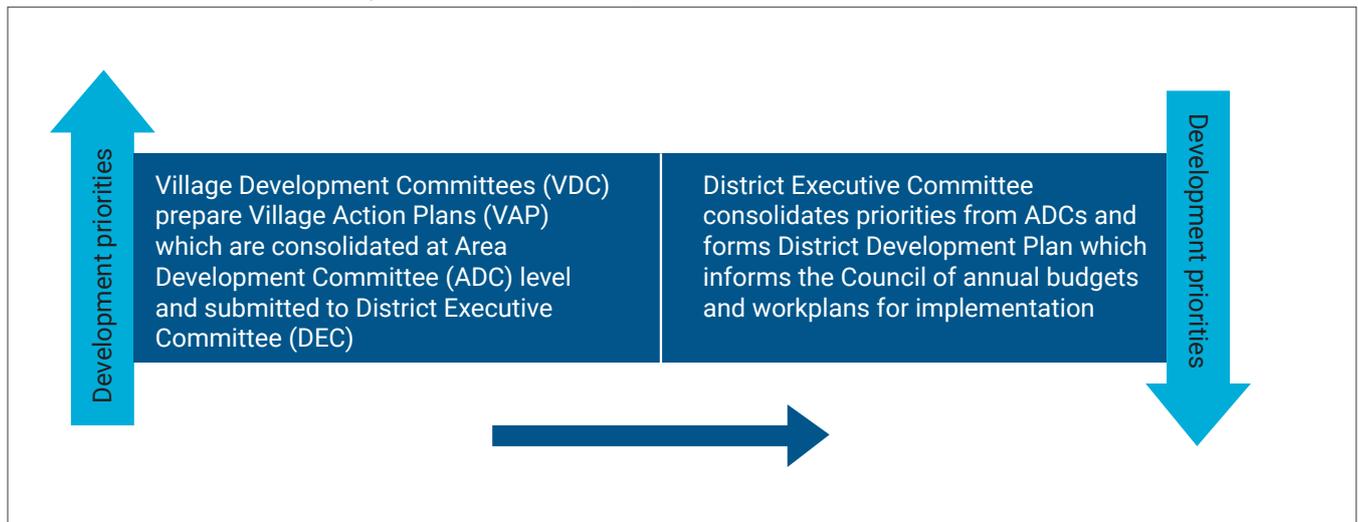
Therefore, the driving forces of the decentralization process integrate equity and equality concepts with rights and responsibilities that enable the weakest regions and districts to be addressed first. This will lead to a comprehensive decentralization agenda that broadly comprises of political, administrative, and fiscal decentralization that will deliver services commensurate to needs and levels of deprivation across the country. As shown in **Figure 1.2**, the pathways through which the decentralization process translates into sustainable development is through citizen empowerment, on the one hand, and improvement in efficiency in the provision of public services and investments on the other.

### 1.5.2 Decentralization and Local Government Planning and Budget Execution

There are decentralized structures to anchor popular participation in decision making. **Figure 1.2** shows the decision-making pathway at the local level and how the aspirations of the communities in each local government translate into consolidated

Local Development Plans (LDPs). These are known as District Development Plans (DDPs) for District Councils or Urban Development Plans (UDPs) for Urban Councils. The LDPs, which are a composite of Village Action Plans (VAPs) and Socio-Economic Profiles (SEPs), cover a five-year period, aligned with the national strategy, the Malawi Growth and Development Strategy III. These are formulated based on the guidelines provided by the Ministry of Local Government (MoLG) and do come into effect once approved by the full councils. According to MoLG (2019), Section 6 (1) (c) of the Local Government Act empowers local authorities in Malawi “...to promote infrastructural and economic development by formulating, approving and implementing Local Development Plans (LDPs)”. However, since local authorities have numerous needs and inadequate resources, they need to plan and prioritise the needs to be included in the LDPs.

Once the LDPs are in place, all stakeholders operating in the Councils are expected to plan and execute their annual budgets based on these medium-term overarching development plans implemented through Annual Investment Plans (AIPs) to align the LDP with the Annual Budgets. The fiscal decentralization discussion in **Chapter 4** is anchored on this decision-making framework. This framework is also applied by local Councils whenever they develop

**Figure 1.2: Illustrative summary of decision-making in decentralized structures**

Source: NHDR team

specific intervention programmes.<sup>1</sup> This is done to ensure that the council departments and offices obtain citizens' full engagement and participation in every intervention in the spirit of the decentralization process.

While the decision-making pathway under the decentralization process in **Figure 1.2** provides a clear interface between citizen participation and local council strategic planning, challenges still exist in the practical implementation of this process. To a large extent, challenges with sectoral devolution have partly been due to the failure by the sectoral authorities to come up with specific sector devolution plans, exacerbated by the failure of the government to amend a number of existing laws on which the majority of the sectoral ministries are currently operating on. The tempo and pace of sectoral devolution have also been hampered in large part due to fears from line ministries of the potential and perceived threats that the decentralization process engenders. Given this political sensitivity, the reporting relationships between the sectoral authorities, Ministry of Local Government (MoLG) and the local Assemblies are yet to be spelt out, and decentralization has been construed as primarily a process of sectoral authorities losing their power and control to the local Assemblies and the Ministry of Local Government. These politically contentious interactions have posed critical constraints to the smooth progress and implementation of decentralization.

## 1.6 Data Sources for the Preparation of the MNHDR

In line with the above Conceptual Framework, preparing this National Human Development Report involved several interrelated activities. These include: i) review of both national and international literature on the definition of the concept of decentralization, implementation experiences, outcomes and impacts and challenges; ii) national and district stakeholders and governance structure consultations and collection of secondary data, and iii) consultations with district/local level governance structures and community members.

The literature review involved national and international literature on the theoretical perspectives of decentralization-sustainable development nexus and empirical findings.

The **National literature** primarily involved policy perspectives on decentralization, its evolution, and impacts on poverty, inequalities and relevant human development and SDG indicators in Malawi. This meant reviews of current and past major policies and their record on poverty reduction in Malawi, focusing on policy priorities and interventions for promoting sustainable human development and institutional accountability, and analyses of the challenges and opportunities in Malawi.

These include national policies and strategic frameworks such as the Malawi Constitution, the Vision 2020; Malawi Poverty Reduction Strategy Paper (MPRSP); the Malawi Growth and Development Strategy, and the previous reviews of MGDS frameworks and so on; sectoral policy and strategic frameworks in Agriculture, Transport, Energy, Land, Environment, Climate Change, Education, Health,

<sup>1</sup> Project specific Village Action Planning is implemented because it provides latitude for beneficiaries to input into the project design and implementation. But these project specific interventions are supposed to align to the medium term DDPs that are in plan.

Gender, Nutrition, amongst others; District Socio-Economic profiles and District Development Plans; and empirical studies on poverty, inequality, market integration, human development and institutional accountability, decentralization processes, amongst others.

The **International Literature** focused on the theoretical underpinnings of decentralization, institutions and governance indicators concerning sustainable human development, and insights from empirical evidence. As part of the evidence on the impact of decentralization, special attention was paid to international experiences on the inclusion and promotion of women and youth and marginalized and disadvantaged groups of people. Apart from the literature review, a vast amount of secondary data was collected from international literature such as World Bank and national level institutions and relevant offices at the district level. These data were extracted from the Health Management Information System (HMIS), Educational Information Management System (EIMS), Integrated Financial Management Information System (IFMIS), National Statistical Office (NSO), Malawi Revenue Authority (MRA), Electricity Supply Commission (ESCOM), Water Boards, and Human Resource (HR) at the Councils.

**Stakeholder consultations:** The stakeholder consultations commenced with identifying key stakeholders involved in the decentralization process at three levels: national, sub-national (district) and community/local. The National level consultations were conducted with the Ministries of Health, Education, Agriculture, Finance, Economic Planning, Development and Public Sector Reforms, National Statistical Office (NSO), Ministry of Local Government, Local Government Accountability and Performance Project (LGAP), National Local Government Finance Commission (NLGFC), Local Governance Service Committee, academia and some Civil Society Organisations such as Malawi Local Government Association (MALGA), Catholic Commission for Justice and Peace (CCJP) and National Civic Education Initiative (NICE). At the district level, the consultations explored with district-level policy makers on their perceptions about Malawi's development focusing on the following components: growth, progress, positive change in physical, economic, environmental, social and demographics.

**Focus group discussions (FGD):** At the local level, primary data were collected from different groups of people, through focus group discussions (FGDs) with groups of people of different social status, income levels, urban/rural, and different gender

groups, namely men, women, children, people with disabilities, and other disadvantaged groups, private sector, and civil society organizations, to ensure alignment to the SDGs in the spirit of *leaving no one behind*. FGDs were conducted with community members grouped in women, youth, men, and traditional leaders and other marginalized and disadvantaged groups.

**Key informant interviews (KII):** At the district level, Key Informant Interviews (KII) were conducted in 27 districts across the country except for Likoma District<sup>2</sup> with district-level stakeholders that included Council Chairpersons, chairpersons of the Service Committees, and District Executive Committee (DEC) chairpersons, sectoral representatives such as District Education Managers (DEM), District Health Officers (DHO), District Agricultural Development Officers (DADOs), Ministry of Gender, Community Development, and Social Welfare, and the Malawi Police particularly the Victim Support Unit (VSU). A deliberate effort was made to include both male and female participation. Six KIIs were planned for each district, giving a minimum total of 162 District level interviews. The key issues discussed with district stakeholders include the effectiveness, efficiency and impact on human development and rural livelihoods. Further, these also covered interrogations into the existence and use of monitoring and evaluation (M&E) databases and how these are being used to promote institutional accountability, and the spatial distribution of service providers at the district level. In addition, some non-governmental and civil society organizations operating in the districts were consulted on the existence and effectiveness of governance structures and accountability systems from their perspective and how this has influenced decision making regarding program design, citizen participation and choice of interventions, among others.

At the community level, KIIs were conducted with the Chairpersons for the Area Development Committees (ADCs), Village Development Committees (VDCs), and Area Executive Committees (AECs). The interviews aimed at soliciting views to gauge the effectiveness, efficiency, and impact of the governance structures on human development and rural livelihoods, just like the district level stakeholders. The KIIs with two (2) ADCs, also two (2) AECs, since two (2) Traditional Authority (TA) were covered: one close to the District Headquarters (BOMA-town Centre) and another one representing the most remote part of the District, as identified by the dis-

<sup>2</sup> Likoma District is on an island north of Lake Malawi which is reachable either by plane or ship. Due to logistical challenges, the Team was not able to reach this district, but we were able to solicit secondary data and other documents.

tract management. In each district, two Traditional Authorities (TAs) were sampled based on location. One TA situated in the remotest area with very little development activities and the other closer to the District Headquarters with more development activities. This was deliberately undertaken for an in-depth analysis of approaches that focus on small rural communities, with pockets of exclusion, with weak implementation capabilities, data collection and analysis, and sources of financing and make recommendations to direct attention to funding of such groups including building implementation capacity, monitoring and evaluation and financial accountability to improve service delivery.

From each TA, five (5) FGDs were held: one for each of the following groups: male adults, female adults, young male adults, young female adults and vulnerable groups (mixed). Ten FGDs in each district give a total of 270 FGDs. The FGDs addressed the operations and effectiveness of local governance structures such as the Village Development Committee (VDC) to establish the measures for promoting

sustainable human development and institutional accountability through a district and community focus. The discussions included the relevance of the Village Governance Structures to the community development agenda, its effectiveness, efficiency, impacts and sustainability.

In addition, the FGDs sought to obtain a deeper understanding of the role of different community members in decision making on development projects, their voice in development decisions for the areas, and their influence in demanding accountability and transparency, among others. They also sought to assess the local capacity to spearhead and participate in community development, empowerment to conceptualize and develop community projects, and capacity to monitor and evaluate development, as envisaged in the decentralization process guidelines of the Ministry of Local Government (MoLG). Finally, data from FGD were triangulated with that from Key Informant Interviews (KIIs) to provide a comprehensive understanding of why development in Malawi has stagnated and regressed.

**Table 1.1: Summary of district stakeholder consultations by region and type**

| Governance stakeholder              | Numbers of Consultations Made |        |      |       |       |
|-------------------------------------|-------------------------------|--------|------|-------|-------|
|                                     | North                         | Centre | East | South | Total |
| Mayors                              | 2                             | 1      | 1    | 2     | 6     |
| Town council chairs                 | 0                             | 0      | 1    | 0     | 1     |
| Council Chairs                      | 7                             | 6      | 5    | 10    | 28    |
| Service Committee members           | 21                            | 20     | 12   | 29    | 82    |
| DEC chairpersons                    | 5                             | 9      | 8    | 14    | 36    |
| Civil society organizations         | 1                             | 2      | 2    | 3     | 8     |
| Urban Executive Committees          | 0                             | 1      | 0    | 0     | 1     |
| AEC                                 | 2                             | 10     | 13   | 6     | 31    |
| ADC/ward groups                     | 14                            | 14     | 60   | 14    | 102   |
| VDC/Neighborhood Committees groups  | 14                            | 14     | 47   | 14    | 89    |
| ACPC                                | 0                             | 0      | 1    | 1     | 2     |
| Male adult FGDs                     | 6                             | 7      | 7    | 7     | 27    |
| Female adult FGDs                   | 6                             | 7      | 7    | 7     | 27    |
| Male youths FGDs                    | 6                             | 7      | 7    | 7     | 27    |
| Female youths FGDs                  | 6                             | 7      | 7    | 7     | 27    |
| Disabled and vulnerable groups FGDs | 5                             | 9      | 10   | 6     | 30    |
| Vendors and market staff            | 8                             | 9      | 33   | 14    | 64    |
| Informal groups                     | 3                             | 0      | 33   | 0     | 36    |
| Total                               | 106                           | 123    | 225  | 141   | 624   |

Based on the previous narrative of the stakeholders consulted during fieldwork.

Table 1.1 above provided their summary statistics.

## 1.7 Challenges Encountered

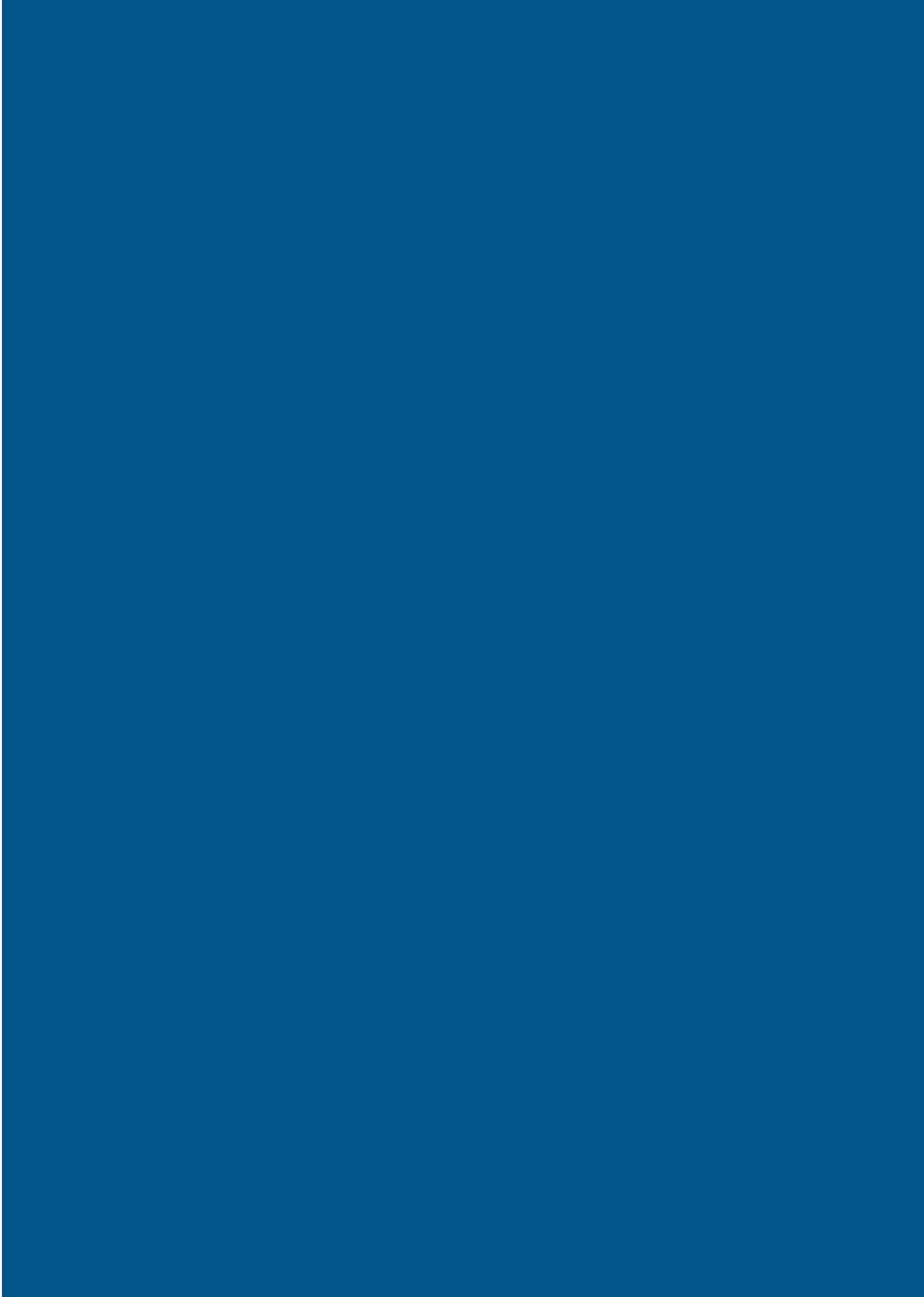
A few challenges were encountered during data collection for the preparation of this report that are worth noting. Firstly, there was a significant challenge of limited data management capacities in the Councils. There was no council with consolidated secondary data from all the sectors, and sometimes nothing even within a sector. The study team members had to move from office to office to collect the needed district secondary data. Even under these data collection endeavours, in some councils, heads of departments and agencies submitted their data very late or not submitting it at all. It was learnt that one of the factors contributing to limited data availability in the councils was high staff turn-over, particularly at the top management levels.<sup>3</sup> In some cases, the blame was put on the absence of an Integrated Financial Management Information System (IFMIS) in financial data. The new officers had to search for the data from their colleagues who had been transferred to different districts. In some cases, available data were not disaggregated by gender. Secondly, the study team encountered situations whereby some heads of government departments and agencies could not release data to them due to secrecy concerns. Thirdly, the study team failed to reach Likoma District Council for logistical challenges. Fourthly, in few districts, the Service Committee chairpersons of the Council demanded allowances for them to be interviewed. Those who insisted were eventually left out since the study team did not have the resources to respond to such demands effectively. Cases of demand for allowances were also experienced with a few Area Executive Committee members in selected districts. Notwithstanding the above challenges, the team still managed to collect reliable primary and secondary data from different governance institutions at national, district and local levels, which have ably informed this report. Hence, data and information collected truly reflect the operations, impacts and challenges of the decentralization process in Malawi.

## 1.8 Structure of the 7th Edition of the Malawi National Human Development Report

This report is organized as follows: The report is presented in four Parts. Part One sets the stage and includes two chapters. The first Chapter is the **Introduction**, while the Second Chapter discusses the **historical development context** for Malawi. Part Two presents the **Status of Human Development for Malawi**, focusing on Human Development Indices (Human Development Index, Inequality Adjusted Human Development Index, Gender Development Index, and Gender Inequality Index; Deprivation indices focusing on income poverty and multidimensional poverty index. Part Three describes the **Status of Malawi's Decentralization Process and Governance and Accountability Mechanisms**. **Finally, Part Four, Looking Forward**, presents the overall conclusion and recommendations.

The report also contains Annexes for data and Technical Notes, which provide information on how the HDIs were computed and other metrics such as Governance Indicators (Government Effectiveness, Rule of Law, Regulatory Quality, Political Stability, Corruption Index and Global Peace Index) and indices for Environmental Performance.

<sup>3</sup> In some district, it was found that almost all the top management including the District Commissioner, The District Health Officer, the Director of Planning and Development, and many others as being not more than two months old in office, i.e. they had just been transferred from different districts.





A child from Lonjezo Community Based Child Care Centre, in Dowa district, central region of Malawi accessing clean water from a borehole installed by Feed the Children under Tiwalere project. Interventions such as these have helped in the provision of clean water and improved sanitation.

Photo credit: Feed the Children / Amos Gumulira

# **CHAPTER TWO: THE DEVELOPMENT TRAJECTORY FOR MALAWI: FROM CENTRALISED TO DISTRICT FOCUSED DEVELOPMENT APPROACH**

The country's development pathway and the resultant human development has been shaped by the nature of the structural changes that Malawi has pursued since independence. This chapter discusses how various policies that have been pursued by the government from the colonial period have influenced the country's socio-economic development landscape in the context of decentralization. Prior to independence, the country pursued various policy experiments to identify opportunities that could be exploited to stimulate economic growth and development. There was a great emphasis on agriculture with tea, sugar, tobacco, macadamia, and to a certain extent, cotton as the country's primary exports. At that time, the colonial government pursued top-down policies without the participation of the citizenry.

Soon after independence, the Government of Malawi executed a 10-year Statement of Development Policies (DEVPOLS) up to the early 1990s. During this period, the economy was mainly dominated by subsistence agriculture and the exportation of labour to Zambia, Zimbabwe, and the Republic of South Africa, where they mainly worked in copper and gold mines. In the early 1970s, the Capital City was moved from Zomba to Lilongwe. During the colonial period, the citizenry had little voice to contribute to policy decisions, and the political environment would not allow them the freedom to actively participate in decision making on development issues affecting them. The DEVPOLS never considered citizens' voice and participation by the local communities in decision making as a critical develop-

ment issue.

However, over the years, the government has gone through bouts of economic transformation that embraced citizen participation. Changes in the global village necessitated a rethink of development policy agenda towards a holistic approach that includes an open economy, macro-economic management through a combination of market-friendly and public investments, disaster risk management, gender equity and equality, decentralization, and citizens' participation in development, amongst others. In particular, in the late 1990s, the government developed a Decentralization Policy that recognized the role of the local governance structures in pursuing development. However, it must be pointed out that the local governance structures were not effective except the traditional leadership (chiefs) that were the custodian of law and order at the local level.

In early 2021, the Government of Malawi announced its long-term development objective in the Malawi 2063, which aims to build an Inclusively Wealthy and Self-reliant Nation by 2063. By 2063, the country aspires to become an industrialized upper middle-income country which primarily finances its own development needs. This vision for inclusive wealth creation aims to not leave behind those segments of society that are vulnerable and marginalized. Successful decentralization will be vital in delivering this vision to reality and enabling inclusive participation and accountability for sustainable human development at the local, regional, and national level.

## 2.0 Introduction

The country's human development has been shaped by the nature of the structural changes that Malawi has pursued since independence. Since independence in 1964, Malawi has developed and implemented various development strategies and plans to improve the country's socio-economic landscape. As a result, Malawi has gone through various phases of development driven by the changes in the political environment and the need to address new development challenges. In the following section, we summarize the key policy features pursued in different periods since independence to the present period. The chapter discusses the evolution of policies from a centralized approach to a people-centred development through a decentralized district approach to development. The chapter starts by presenting the brief narratives of the key policy directions and shifts since the 1960s, significant investments made as hallmarks of the various national policy regimes, and resultant growth and development outcomes. Thus, the chapter discusses the record of the different policies for delivering sustainable human development.

### 2.1 Pre-independence (colonial) period (before 1964)

Before Malawi attained independence, the country followed the colonial policies that put emphasis on agriculture as a conduit for its economic development. According to Williams (1978), the colonial government had a perennial problem of finding an "economic viability" of the country for extracting revenues but was not attentive to meeting the needs of the local population. Most of the policy experiments focused on the agricultural sector. The economic position of Malawi prior to independence was very fragile, with most people working as labourers on estate farms for their livelihood. At that time, the colonial government pursued top-down policies without the participation of the citizenry and development was skewed to the regions endowed with more natural resources, especially in the Southern Region where the colonial government established estates for producing crops for the export market. During this period, there was great emphasis on estate agriculture where the colonial policies focused on export crops, mainly tea, sugar, tobacco, macadamia and, to a certain extent, cotton.

Between 1960 and 1964, the average growth of real GDP was estimated at 4.6 percent (Kayuni, 2011). However, this growth did not translate into improved welfare of the population as poverty was

widespread across all districts in the country. The citizenry had no voice, and the political environment could not allow the freedom to actively participate in decision making on development issues affecting them. The citizens were oppressed, and development decision-making was top-down.

### 2.2 Pre-reform period (1964-1979)

Since independence in 1964 to 1979s, the Malawi economy policy regime was unique where the government had total control of the country's economic and development policies leading to unprecedented economic growth (Booth et al., 2006). In 1965, Malawi launched its first post-independence development plan, *the 1965-69 Development Plan*. However, according to the World Bank (1990), the 1965-69 Development Plan was seen mainly as a shopping list of development wishes rather than an integrated plan. As such, the impacts on subsequent development policies were not clearly observed. During this period, the economy was mainly dominated by subsistence agriculture and the exportation of labour to Zambia, Zimbabwe, and the Republic of South Africa, where they mainly worked in copper and gold mines.

Succeeding this plan, the Government of Malawi developed an extended development plan called the *Statement of Development Policies (DEVPOL)*, a ten-year development policy. The first development plan covered the period from 1971 to 1980. This plan stressed the development of the agricultural smallholder sector, which mainly followed a two-pronged approach: (a) Improving extension and farmer training and (b) rural development policies. In addition, to encourage a stable agricultural value chain, a smallholder focused market development cooperation was created and known as Agricultural Development and Marketing Co-operation (ADMARC) in 1971 following the reorganization of the Farmers Marketing Board (FMB). This was engaged in agricultural production and marketing of smallholder agricultural produce and the provision of subsidized credit and inputs.

A major area of concern for this period was equity. This was addressed by broadening the opportunities for personal advancement while simultaneously restricting the excessive personal gains by individuals. The mode of this restriction was through wage and price controls with a relatively progressive tax regime. Rural-urban inequalities were apparent, as evidenced by migrations from rural to urban areas. To tame these rural-urban migrations, the government embarked on infrastructure investment (Growth Centers) outside the cities of Blantyre, Lilongwe and Mzuzu to discourage rural-urban migra-

tion.

The DEVPOL 1 also recognized the need for improving the infrastructure by developing, investing, financing, and constructing infrastructure, including the relocation of the Capital City from the colonial district of Zomba to Lilongwe in 1975. The need to stimulate productive investment and *Malawianization* of the economy led to the establishment of parastatal organizations such as the Malawi Development Corporation (MDC), the Investment Development Bank (INDEBANK) (Government of Malawi, 1987).

The agricultural sector-led development strategy of 1964-1979 paid dividends in the early years of independence. Malawi was self-sufficient in food production, particularly in the 1970s. The economy grew at an average rate of 6.4 percent per annum, and private consumption rose to 4.3 percent per year (World Bank, 1990a). The Gross National Product (GNP) per capita had improved to US\$60 (Government of Malawi, 1987). The salient feature of this structural change was the rapid growth of large-scale agriculture, complemented by wage employment incomes from exported labour to the mines in South Africa, Zimbabwe, and Zambia. Overall, the key feature of the development strategy during this period was centralized, where most decisions were made by the Central Government. The local governance structures were not empowered to implement development interventions as resources were centrally managed. It was only in the late 1990s that the government developed a Decentralization Policy that recognized the role of the local governance structures in delivering development to citizens and local populations.

### 2.3 Reform period (1980-1995)

During the period 1980 and 1995, the country continued to pursue the DEVPOL 1 policies. However, the economy suffered from exogenous economic shocks, and geopolitical events in the region contributed to the deterioration in Malawi's development performance during the pre-reform period. Malawi faced an economic crisis between 1979 and 1986, triggered by a combination of factors, including the oil shock of 1979, the international transport bottlenecks due to the intensification of the Mozambican War and the hosting of more than one million refugees from Mozambique, and the reduction of employment opportunities in South Africa in the late 1980s (World Bank, 2017) among other structural rigidities.

The real growth rate of GDP fell from 8.3 percent in 1978 to 3.9 percent in 1979, and for the first time, negative growth rates of -1.1 percent in 1980 and -4.7 percent in 1981 were registered. In addition, a trade deficit was recorded because of falling prices of to-

bacco and tea and rising import costs. The burst between 1979 and 1980 revealed the country's vulnerability to external shocks and weaknesses of the policy agenda adopted hitherto. Thus, Malawi had no choice but to adopt the World Bank's Structural Adjustment Programmes (SAPs) and IMF stabilization measures (Harrigan, 1991).

During the implementation of the SAPs, in the mid of 1980s, the government developed another 10-year development plan, the *Statement of Development Policies* (DEVPOL II) which covered the period 1986-1996. DEVPOL II placed its priority on economic growth as a means of realizing a stable standard of welfare for its people by reducing poverty, improving income distribution and reduction in instability of welfare for both the individual and the nation.

However, the DEVPOL II was never fully implemented as it was overtaken by the Structural Adjustment Programme (SAP) with the support of the World Bank and the International Monetary Fund (IMF) in the early 1980s. The SAP's goal was to strengthen economic growth initiatives through a market approach. Thus, the SAP focused on liberalization of the agricultural sector to allow for private sector participation in various aspects of the sector, privatizing and reforming the parastatal entities, wage and price decontrols, trade liberalization, financial sector reforms, exchange rate liberalization, interest rate liberalization and budget rationalization (World Bank, 2017). As a result, the implementation of SAP led to the liberalization of the economy, where most public enterprises were now in the hands of the private sector.

As with the previous period, all the development interventions were centralized with most policies instigated by international organizations, particularly the International Monetary Fund and the World Bank. Various studies have revealed that the outlook of the Malawi economy after the SAP remained essentially unchanged, mainly triggered by the oil crisis in the 1970s. For example, agriculture as a share of GDP dropped from 39.6 percent before the SAPs to 33.4 by 1995. According to the National Human Development Report 2017, the annual GDP growth, which averaged 4.1 percent between 1982 and 1985 declined to -0.2 in 1986. As a result, volatility in the economy and a steep decline in living standards was observed between 1979 and 1989 (Harrigan, 1991). This also demonstrates that the SAPs failed to achieve their purported intentions of putting Malawi on a robust, resilient, inclusive growth and development trajectory.

## 2.4 Post-reform period (1995-2016)

Due to the failure of the SAPs to address issues concerning economic growth and reduction of poverty, in the late 1990s, the country adopted the Poverty Alleviation Programme (PAP) as the first generation of poverty reduction strategies.

In 1998, there was a shift in policy direction where there was a growing recognition of the role of local governance structures. With support from UNDP, the Government of Malawi developed the Decentralization policy, which embraced a district focused approach as part of the broader policy reforms. Since then, there was a greater engagement of the citizenry in developing various development policies at the policy design stage. However, the implementation of various policies was still centralized. Some of the policies that were developed during this period include the Vision 2020, which was launched in 2000 and the Malawi Poverty Reduction Strategy Paper (MPRSP), covering the period from 2002 to 2005. This was followed by the first Malawi Growth and Development Strategy (MGDS 1), which ran from 2006 to 2011 and MGDS II, which was implemented between 2011 and 2016 and the MGDS III which covers the period 2017 to 2022. (Government of Malawi, 2016a, 2017).

Between 2004 and 2009, Malawi enjoyed uninterrupted economic growth with an average annual GDP growth of 7 percent. This growth was coupled with a notable reduction in poverty from 52 percent to 39 percent (NSO, 2012). In terms of human development, using the Millennium Development Goal (MDG) indicators, the country was ranked top 20 in terms of absolute and relative progress. The country also observed equitable income expenditure distribution since the early 1990s. The Gini coefficient dropped from 0.62 to 0.3 between 1993 and 2004 (ODI, 2011), only to rise again to 0.45 in 2011 (Mussa, 2017). However, poverty increased further due to several factors, including droughts and floods, poor fiscal and macroeconomic conditions. Since 2013, Malawi has struggled to achieve macroeconomic stability due to the rise of debt, high inflation rates and poor business confidence. Efforts to reduce poverty have failed to yield the desired results due, in part, to a rapid population growth that erodes the marginal gains from economic growth.

## 2.5 Long-term Developmental Objectives: Malawi 2063

Malawi announced its long-term vision for development – Malawi 2063 (MW2063) in January 2021, which adopts an inclusive democratic developmental state philosophy. It envisions an inclusively

wealthy and self-reliant nation to become an industrialized upper middle-income country which primarily finances its own development needs by 2063. The vision statement notes that the state shall play an active role while forging a strong alliance with the private sector in implementing and realizing MW2063. Malawi 2063 also notes that the country shall strengthen governance systems and institutions that are effective and efficient enough to deliver the aspiration of an inclusively wealthy and self-reliant nation. This is to be guided by the key principles of good governance including: citizen engagement and participation and the fair conduct of elections; responsiveness; efficiency and effectiveness; openness and transparency; the rule of law; ethical conduct; competency and capacity; innovation and openness to change; sustainability and long-term orientation; sound financial and economic management; human rights, cultural diversity and social cohesion; accountability; and sustainable peace and security. Successful decentralization, undertaken coherently through political, administrative, and fiscal interventions will be crucial in delivering inclusive participation, transparency, and accountability to local populations and citizens.

## 2.6 Challenges in strategy/policy implementation

Malawi is heralded for formulating good and sound policies and strategies for the socio-economic development of the country. These include the country's long-term national vision (Vision 2020), the medium-term development plans (MGDS), MPRSP and other sectoral policies and strategies. However, the ability to implement policy and legislation, both nationally and locally, is limited due to several factors, including inadequate financial resources for implementation, weak coordination of the programs and projects, natural disasters and an unstable macroeconomic environment characterized by high inflation and interest rates. Lessons from the recent review of the Vision 2020 indicates that this has largely not been implemented. Monitoring is often limited and ineffective, compliance is low, and the structures necessary for providing guidance and procedures are not in place.

The fragility of Malawi's economy due to its dependence on rain-fed agriculture has contributed to the limited achievement of sustainable economic growth and development. These have negatively affected the country's ability to sustain high levels of economic growth. As a result, most Malawians live below the poverty line and vulnerable to social and economic shocks, which exacerbates their poverty. According to the World Bank (2006), four ma-

Major shocks make households vulnerable to poverty. These include (i) over-reliance on rain-fed agricultural production systems which are prone to climatic shocks; (ii) animal and plant diseases which lead to major crop and livestock losses; (iii) volatility of prices of maize, fertilizer, and tobacco; and (iv) HIV and AIDS, Malaria, tuberculosis, and anaemia which are prevalent in Malawi, and these put a monetary burden on most households. Together with the increased frequency and intensity of climate-related disasters, these factors influence levels of vulnerability among Malawians.

Despite these challenges, the local councils are more empowered than before the Government of Malawi adopted the Decentralization Policy. This policy has encouraged the local councils to move toward greater autonomy and self-financed sustainability, although their potential is yet to be fully exploited. Unlike in the past, where most interventions were top-down, most local councils develop their development plans that assure greater ownership of development interventions by the local councils.



Consultation meetings with community members to identify key priority areas to develop the Bua Ecosystem Management and Restoration Plan.

Photo credit: UNDP

# CHAPTER THREE: MALAWI'S HUMAN DEVELOPMENT CONDITIONS: NATIONAL AND DISTRICT FOCUSED ANALYSES

This chapter presents the status of human development conditions in Malawi, with particular emphasis on the Human Development Index (HDI) at the national and district levels. From the analysis, the human development conditions in Malawi are poor, as revealed by the low national, regional and district HDI values. Malawi's current HDI value (0.483) is below the average of 0.513 for countries in the low human development category and below the average of 0.547 for Sub-Saharan Africa (SSA). Amongst the cities and districts, only Zomba City falls within the medium HDI category with an HDI of 0.545 (~0.55), while the rest of the cities and districts fall within the low HDI category. Thus, while the trend in Malawi's HDI has been increasing since the 1990s, the increase has not been robust enough and not commensurate with inclusive economic growth to translate into significant poverty eradication, wealth creation, and improvements in the living standards of the people. The findings also reveal an inverse relationship between HDI and economic growth (GDP per capita), in that districts and cities with high HDI generally have a low contribution (share) to the country's GDP. This underscores the fact that there is no automatic correlation of broader economic growth translating into improvements in health, education, and standard of living – proactive measures need to be made to ensure that growth delivers on those development objectives. Besides the low HDI levels, poverty levels in Malawi remain high and

pervasive, particularly among the rural population and female-headed households.

The COVID-19 pandemic presents a human development crisis that is likely to reverse the gains made so far in key human development dimensions of health, education, and per capita income. The COVID-19 pandemic has further worsened the poverty situation, particularly in urban areas in the country through declines in household per capita income via closed businesses, lost jobs, and depressed markets. For example, at the national level, the pandemic has increased fiscal pressures by negatively affecting government revenue through a reduction in domestic revenue collection emanating from reduction in economic activities and thus widening fiscal deficit. Furthermore, the pandemic has disrupted international trade by reducing the demand for Malawian exports, thereby creating trade deficits. At the district level, the pandemic has worsened revenue collection due to reduced economic activity following the restrictions that have been imposed to contain the spread of the virus. In addition, the pandemic has disrupted the implementation of planned activities due to the shift of resources from implementing planned development activities towards the emergent crisis caused by the pandemic. For example, school closures and restricted/regulated school attendance and disruptions in accessing health services will have multifaceted effects in the short- and long-term.

### 3.0 Introduction

This chapter presents the status of human development conditions in Malawi primarily based on the Human Development Index (HDI) at the district level, with aggregate statistics presented at regional and national levels. As indicated earlier, in the past, gross national income (GDP per capita or economic growth) was the key indicator of progress. The shift to inclusion of HDI reflects a recognition that economic growth alone does not automatically translate into human development progress. As such, this calls for pro-poor policies and investments in capacity building with a focus on education, nutrition, health, and employment.

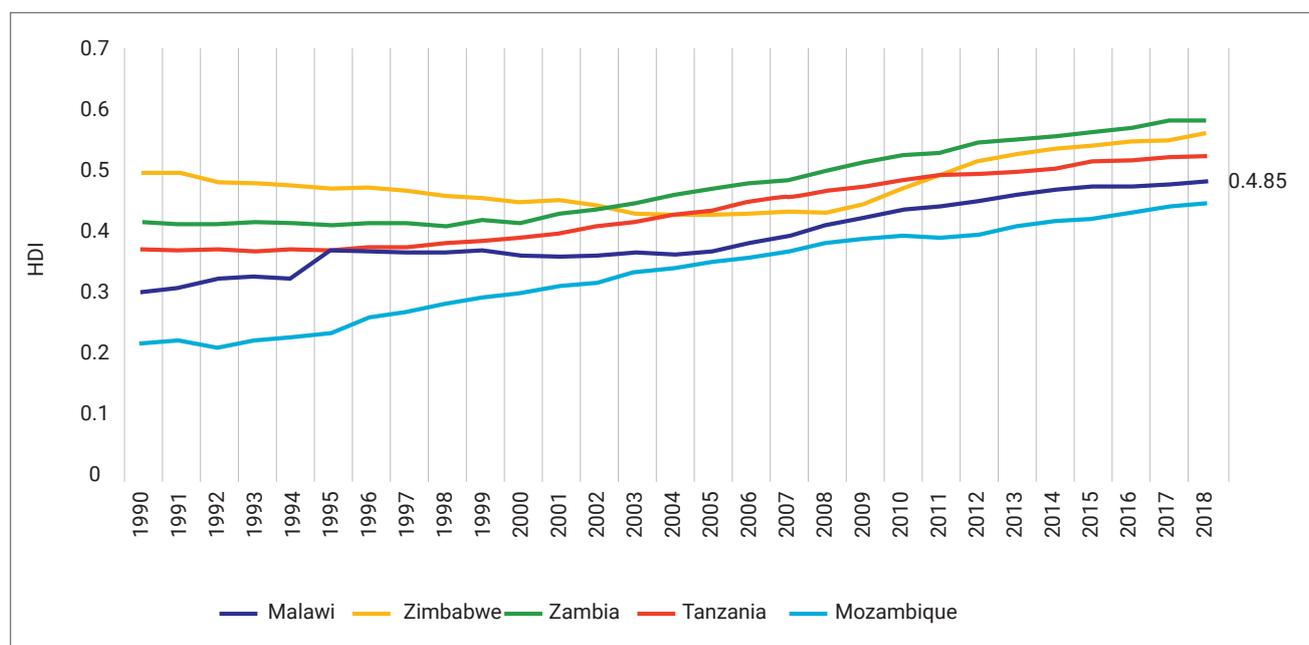
The Human Development Index represents a statistical measure of how the experiences of development in various countries contribute to enlarging ‘human capabilities and functioning’. This is based on the underlying premise that socio-economic development involves a large and expanding set of factors that are not purely economic – it entails an expansion of the freedoms and choices that people can exercise to live lives they value. Since the HDIs are derived from social and economic variables, this chapter presents key HDI-related indicators in

crucial sectors of development such as education and health and other Sustainable Development Goals (SDGs)-related indicators, among others. The chapter also presents other metrics that have been used to measure the state of Human Development in Malawi at the national level. These include the Inequality Adjusted Human Development Index (IHDI), Gender Development Index (GDI), Gender Inequality Index (GII), Income poverty and Multidimensional Poverty Index (MPI). In addition, governance and environment-related indicators, which constitute key indices for tracking progress in sustainable human development, are presented in **Technical Notes 3 and 4**, respectively.

### 3.1 Trends in Human Development Indices for Malawi and other neighbouring Countries

As shown in **Figure 3.1**, there has been an improving trend in HDI over the period 1990-2018. The current HDI value of 0.483 for Malawi is below the average of 0.513 for countries in the low human development category and below the average of 0.547 for SSA (UNDP, 2019a). For instance, Mali and Zambia have HDI values of 0.434 and 0.584, thus, placing the two countries in the low and medium

**Figure 3.1: Trend in HDI for Malawi and neighbouring countries, 1990-2018**



Source: UNDP- 2019 Human Development Report; briefing note for countries

HDI categories in 2019, respectively. Compared to other neighbouring countries, Malawi has low GNI per capita, which manifests itself in a low Human Development Index among its colonial peers and only surpasses Mozambique. The 2020 Human Development Report ranks Malawi amongst countries with the lowest HDI among former members of the British colonial Empire, a ranking of 174 of the 189 countries and territories in HDI, while Zambia and Zimbabwe are ranked 146 and 150, respectively. Malawi's neighbour Tanzania is ranked 163 of 189 countries while Mozambique is ranked 181 of 189 countries despite having a slightly higher GNI per capita of US\$1,250 compared to US\$1,035 for Malawi (UNDP, 2020).

**Figure 3.1** presents the trend in HDI and other human development-related indicators for Malawi. **Table 3.1** shows that Malawi's HDI has been improving from 0.333 in 1990 to the current HDI of 0.483 in 2019, placing the country in a low human development category. However, this improvement in HDI has not translated into poverty reduction, nor has it led to inclusive economic growth.

**goalposts.**

### 3.2 Computation of Regional, City and District Human Development Index

While past MNHDRs computed aggregate HDI at the national level only, this MNHDR has computed HDI at national, regional and district levels covering all the 28 districts and four (4) cities using secondary and primary data collected during the consultations from November to December 2019. This is the first time for Malawi's NHDR to compute regional and district level HDI, which would help the government to plan and design programmes and interventions based on the level of development of a particular region, city and district, alongside other human development-related indicators.

The disaggregated HDIs present a good measure of development for country, regions and sub-national units. In other countries such as South Africa and Kenya, provincial and county HDIs have been used to determine central government transfers to local government and decentralized administration units. In this report, the HDIs were computed using secondary data as a summary measure of achievements in three key dimensions of human development: *a long and healthy life, access to knowledge, and a decent standard of living* for each district of the country. Following the UNDP framework, specific indicators/data collected for each of the HDI

**Table 3.1: Trend in HDI and other Human Development-related Indicators for Malawi, 1990-2019 based on consistent time series data and new goalposts**

| Year | Life expectancy at birth | Expected years of schooling | Mean years of schooling | GNI per capita (2017 PPP\$) | HDI   |
|------|--------------------------|-----------------------------|-------------------------|-----------------------------|-------|
| 1990 | 46.1                     | 5.4                         | 2.5                     | 1405                        | 0.303 |
| 1995 | 45.8                     | 10.6                        | 2.7                     | 1287                        | 0.363 |
| 2000 | 45.1                     | 9.9                         | 3.0                     | 1422                        | 0.362 |
| 2005 | 47.8                     | 9.4                         | 3.4                     | 777                         | 0.373 |
| 2010 | 55.6                     | 10.3                        | 4.3                     | 959                         | 0.437 |
| 2015 | 62.0                     | 11.1                        | 4.4                     | 996                         | 0.475 |
| 2016 | 62.7                     | 10.9                        | 4.5                     | 1,025                       | 0.478 |
| 2017 | 63.3                     | 11.0                        | 4.5                     | 1,012                       | 0.482 |
| 2018 | 63.8                     | 11.0                        | 4.6                     | 1,018                       | 0.485 |
| 2019 | 64.3                     | 11.2                        | 4.7                     | 1,035                       | 0.483 |

Source: 2020 Human Development Report; briefing note for countries, p. 3.

dimensions are as follows: **(i) long and health life** measured by life expectancy at birth, **(ii) access to knowledge/education** measured by expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life, and **mean years of schooling** which is the average number of years of schooling received in a life-time by people aged 25 years and older; and **(iii) Standard of living** measured by Gross National Income (GNI) per capita. The HDI is the geometric mean of normalized indices for each of the three dimensions. For more details on the computation of regional and district level HDI, see technical note in **Technical Notes 2**.

### 3.3 Human Development Index: regional, city and district comparison

**Table 3.2** shows the HDIs for Malawi at three different levels: regional, city, and district. As shown in Table 3.2, none of the country's three regions falls in the very high or medium HDI category. All three regions fall in the low HDI category, with the Northern Region ranking highest and having an HDI value of 0.496. This is followed by the Central Region with an HDI value of 0.495 and the Southern Region at the bottom having an HDI value of 0.490. As can be seen from the table, the Northern Region has the highest mean years of schooling (4.89 years) and

the highest expected years of schooling (about 12 years). However, the Northern Region has the least GNI per capita of \$1077.9. While the Southern region has the highest GNI per capita of US\$1200, it has the least life expectancy at birth and least mean years of schooling, on average.

In terms of city ranking, only Zomba City falls in the medium HDI category with an HDI of 0.545 (~0.55), while the rest of the cities fall within the low HDI category despite having HDI values above 0.5. For example, Mzuzu, Lilongwe and Blantyre cities have HDI values of 0.538, 0.521 and 0.519, respectively.

With respect to the districts, the last columns of **Table 3.3** show that all the districts in Malawi fall within the low HDI category with HDI values below 0.55. However, five districts have HDI values above 0.5, albeit below 0.55. These are Blantyre (0.514), Neno (0.514), Mwanza (0.513), Chitipa (0.506) and Rumphi (0.503). The five bottom districts with the least HDI are Dowa (0.482), Mulanje (0.480), Nsanje (0.475), Mangochi (0.459) and Machinga (0.455). This analysis calls for the district-focused approach to designing and implementing interventions that would promote sustainable human and economic development and reduce disparities in human development across the districts, regions, and cities. The design of such interventions would take cognizance of the differences in resource endowment and capacities across the districts.

**Table 3.2: National, regional and City Human Development Index**

| Rank           | District      | Life expectancy | Mean years of schooling | Expected years of schooling | GNI Per capita (2011 PPP \$) | HDI   |
|----------------|---------------|-----------------|-------------------------|-----------------------------|------------------------------|-------|
|                | National      | 65.15           | 4.62                    | 11.21                       | 1163.3                       | 0.493 |
| <b>Regions</b> |               |                 |                         |                             |                              |       |
| 1.             | North         | 65.10           | 4.89                    | 11.73                       | 1077.9                       | 0.496 |
| 2.             | Center        | 66.75           | 4.64                    | 10.93                       | 1151.1                       | 0.495 |
| 3.             | South         | 63.90           | 4.51                    | 11.25                       | 1200.6                       | 0.490 |
| <b>Cities</b>  |               |                 |                         |                             |                              |       |
| 1.             | Zomba City    | 61.95           | 7.57                    | 14.01                       | 1339.7                       | 0.545 |
| 2.             | Mzuzu City    | 66.00           | 7.52                    | 12.95                       | 1088.8                       | 0.538 |
| 3              | Lilongwe City | 67.30           | 7.77                    | 8.89                        | 1274.0                       | 0.521 |
| 4              | Blantyre City | 63.00           | 7.67                    | 10.47                       | 1286.1                       | 0.519 |

Source: NHDR team calculations using NSO, HDR, World Bank data

**Table 3.3: District Human Development Index for Malawi**

| Rank | District   | Life expectancy | Mean years of schooling | Expected years of schooling | GNI Per capita (2011 PPP \$) | HDI   |
|------|------------|-----------------|-------------------------|-----------------------------|------------------------------|-------|
| 1    | Blantyre   | 64.4            | 4.79                    | 13.12                       | 1226.8                       | 0.514 |
| 1    | Neno       | 64.3            | 4.49                    | 13.27                       | 1269.6                       | 0.514 |
| 2    | Mwanza     | 64.3            | 4.48                    | 12.72                       | 1354.7                       | 0.513 |
| 3    | Chitipa    | 65.4            | 4.62                    | 12.67                       | 1125.2                       | 0.506 |
| 4    | Rumphi     | 65.2            | 5                       | 11.76                       | 1159.2                       | 0.503 |
| 5    | Likoma     | 63.65           | 5.9                     | 11.62                       | 1038.7                       | 0.498 |
| 6    | Kasungu    | 67.5            | 4.25                    | 12.02                       | 1042.0                       | 0.497 |
| 7    | Ntcheu     | 67              | 4.39                    | 10.42                       | 1283.7                       | 0.495 |
| 7    | Chiradzulu | 63              | 4.5                     | 11.57                       | 1304.3                       | 0.495 |
| 8    | Lilongwe   | 65.85           | 4.03                    | 11.65                       | 1107.4                       | 0.490 |
| 8    | Mzimba     | 64.45           | 4.49                    | 11.69                       | 1110.1                       | 0.490 |
| 8    | Nkhotakota | 68.65           | 4.18                    | 11.77                       | 930.0                        | 0.490 |
| 8    | Balaka     | 63              | 4.27                    | 11.8                        | 1214.7                       | 0.490 |
| 9    | Thyolo     | 64.1            | 4.15                    | 11.21                       | 1265.1                       | 0.489 |
| 10   | Dedza      | 67.05           | 3.89                    | 10.51                       | 1218.0                       | 0.487 |
| 11   | Chikwawa   | 64.2            | 4.18                    | 11.64                       | 1137.1                       | 0.487 |
| 12   | Karonga    | 66.55           | 4.56                    | 11.89                       | 905.1                        | 0.486 |
| 12   | Zomba      | 64.25           | 4                       | 10.88                       | 1297.3                       | 0.486 |
| 12   | Phalombe   | 63.9            | 3.52                    | 11.94                       | 1219.7                       | 0.486 |
| 12   | Salima     | 66.9            | 3.98                    | 11.11                       | 1090.7                       | 0.486 |
| 13   | Mchinji    | 66.75           | 4.1                     | 10.79                       | 1080.9                       | 0.483 |
| 14   | Ntchisi    | 66.9            | 3.99                    | 10.45                       | 1141.0                       | 0.482 |
| 14   | Nkhata-Bay | 64.45           | 4.38                    | 11.17                       | 1082.5                       | 0.482 |
| 14   | Dowa       | 64.45           | 4.18                    | 10.51                       | 1228.7                       | 0.482 |
| 15   | Mulanje    | 62.55           | 3.93                    | 11.3                        | 1232.6                       | 0.480 |
| 16   | Nsanje     | 63.2            | 3.78                    | 11.92                       | 1031.9                       | 0.475 |
| 17   | Mangochi   | 64.4            | 3.48                    | 10.27                       | 1038.8                       | 0.459 |
| 18   | Machinga   | 63              | 3.4                     | 9.83                        | 1140.1                       | 0.455 |

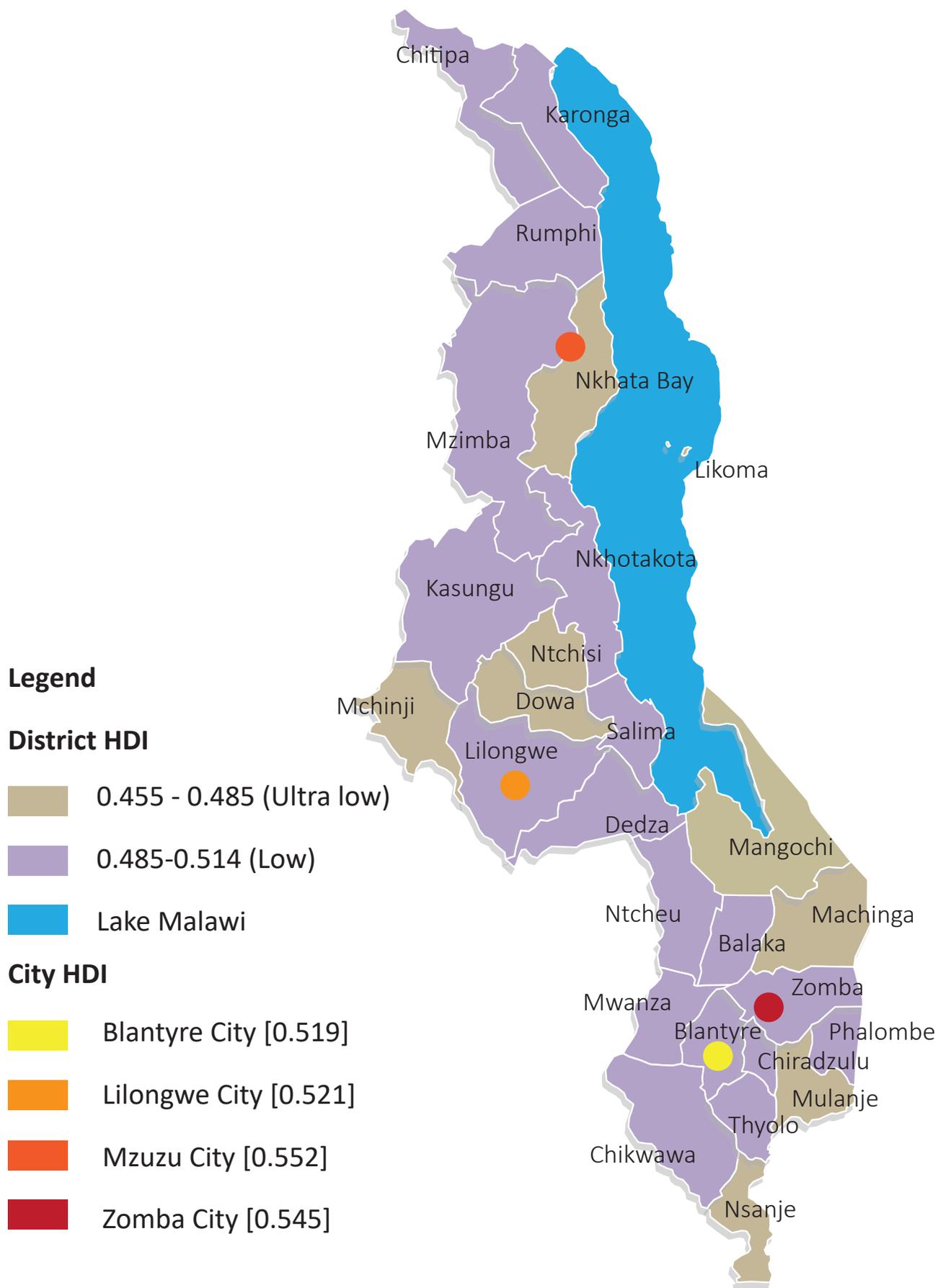
Source: NHDR team calculations

The 2014 Human Development Report (HDR) gives cut-off points for the four categories of human development achievements. These are: (a) very high human development for index of 0.800 and above; (b) high human development 0.700–0.799; (c) medium human development 0.550–0.699; and (d) low human development below 0.550. Figure 3.1 is a graphical presentation of the same HDI with colour codes based on the HDI categorization.

### 3.4 Inequality-adjusted Human Development Index (IHDI)

Countries should be concerned with inequalities in human development for many reasons, including attaining the aspirations of the 2030 agenda and subsequent achievement of the Sustainable Develop-

Figure 3.2: District HDI graphical presentation, 2019



Source: NHDR team calculations

ment Goals (SDGs). The Inequality Adjusted Human Development Index (IHDI) was introduced in 2010 to account for inequality in all the three dimensions of the HDI by ‘discounting’ each dimension’s average value according to its level of inequality. In other words, the difference between the HDI and the IHDI represents the ‘loss’ in human development due to inequality. As the inequality in a country increases, the loss in human development also increases.

Due to the unavailability of data at the district level, this report presents the IHDI at the national level only. According to the 2020 Human Development Report, Malawi’s IHDI stands at 0.345 (Table 3.4), given the 2019 HDI of 0.483, after being discounted for inequality. This represented a loss of 28.6 percent in human development due to inequality in the distribution of the HDI dimension indices. However, compared with other countries and regions, Malawi’s loss in human development due to inequality is less than that of Mali and Zambia, with losses due to inequality of 33.4 percent and 31.4 percent, respectively. The average loss due to inequality for low HDI countries is 31.4 percent, and for Sub-Saharan Africa, it is 30.5 percent.

Inequality has implications for human development, especially in the fight against poverty, hunger, and disease. Inequalities in human development have adverse effects that include hurting societies, weakening social cohesion, and loss of people’s trust in government institutions. Furthermore, inequality hurts economies and prevents people from reaching

their full potential at work and in life (UNDP, 2019b). In general, inequalities create dissatisfaction among people that have sparked demonstrations and civil strife (Melamed and Samman, 2013). Addressing such inequalities and gaps can help create an environment where citizens contribute meaningfully to the country’s socio-economic development.

### 3.5 Gender Development Index

The Gender Development Index (GDI) measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development—health, knowledge and living standards using the same component indicators as in the HDI (UNDP, 2014). The Gender Development Index (GDI) measures gender inequalities in achievement in three basic dimensions of human development: health, measured by female and male life expectancy at birth; education, measured by female and male expected years of schooling for children and female and male mean years of schooling for adults aged 25 years and older; and command over economic resources, measured by female and male estimated earned income. The GDI is the ratio of the HDIs calculated separately for females and males using the same methodology as in the HDI. The closer the ratio is to 1, the smaller the gap between women and men.

As shown in Table 3.5, Malawi’s GDI value in 2019 is 0.986, placing the country in GDI group 1<sup>1</sup> with high equality in HDI achievements between men

**Table 3.4: Malawi’s IHDI relative to selected countries and groups (2019)**

| Country /Region    | IHDI value | Overall loss (%) | Human inequality coefficient (%) | Inequality in life expectancy at birth (%) | Inequality in education (%) | Inequality in income (%) |
|--------------------|------------|------------------|----------------------------------|--|-----------------------------|--------------------------|
| Malawi             | 0.345      | 28.6             | 28.6                             | 25.1                                       | 28.4                        | 32.4                     |
| Mali               | 0.289      | 33.4             | 32.4                             | 36.7                                       | 43.9                        | 16.6                     |
| Zambia             | 0.0.401    | 31.3             | 30.6                             | 26.5                                       | 20.4                        | 4.8                      |
| Sub-Saharan Africa | 0.380      | 30.5             | 30.5                             | 29.7                                       | 34.1                        | 27.6                     |
| Low HDI            | 0.352      | 31.4             | 31.3                             | 30.8                                       | 37.9                        | 25.1                     |

**Source: Human Development Report (2020): Briefing note for countries on the 2020 Human Development Report-Malawi**

<sup>1</sup> Countries with absolute deviation from gender parity ((100. |GDI-1) of 2.5 percent or less.

**Table 3.5: Malawi's GDI relative to selected countries and groups, 2019**

| HDI Rank | Country/region           | GDI Value | HDI Values |       | GDI Group |
|----------|--------------------------|-----------|------------|-------|-----------|
|          |                          |           | Female     | Male  |           |
| 146      | Zambia                   | 0.958     | 0.569      | 0.593 | 2         |
| 163      | Tanzania                 | 0.948     | 0.514      | 0.542 | 3         |
| 174      | Malawi                   | 0.986     | 0.493      | 0.500 | 1         |
| 181      | Mozambique               | 0.912     | 0.435      | 0.476 | 4         |
| 184      | Mali                     | 0.821     | 0.388      | 0.473 | 5         |
|          | Sub-Saharan Africa (SSA) | 0.894     | 0.516      | 0.577 |           |
|          | Low HDI                  | 0.861     | 0.474      | 0.551 |           |

Source: 2020 Human Development Report

and women. Compared with other countries, GDI values for Zambia, Tanzania, Mozambique, and Mali are 0.958, 0.948, 0.912 and 0.821. Zambia is in GDI group 2<sup>2</sup> and Tanzania is in GDI group 3<sup>3</sup>, while Mozambique is in GDI group 4<sup>4</sup> with medium-low equality in HDI achievements between women and men, and Mali is in the GDI group 5<sup>5</sup> with low equality in HDI achievements between women and men. The 2019 GDI for SSA is 0.861 (HDI values of 0.516 for females and 0.577 for males).

### 3.5.1 Gender Inequality Index

The Gender Inequality Index (GII) reflects gender-based inequalities in three dimensions: (i) reproductive health, measured by maternal mortality and adolescent birth rates; (ii) empowerment, measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and (iii) economic activity, measured by the labour market participation rate for women and men. Thus, the GII reflects the loss in human development due to inequality between

**Table 3.6: Malawi's GII relative to selected countries and groups, 2019**

| GII Rank | Country /Region          | GII Value | MMR   | Adolescent Birth Rate | Female Seats in parliament (%) | Population with at least some secondary education (%) |      | LFPR   |      |
|----------|--------------------------|-----------|-------|-----------------------|--------------------------------|---|------|--------|------|
|          |                          |           |       |                       |                                | Female  | Male | Female | Male |
| 130      | Tanzania                 | 0.556     | 524.0 | 118.4                 | 36.9                           | 12.0  | 16.9 | 79.6   | 87.2 |
| 131      | Zambia                   | 0.539     | 213.0 | 120.0                 | 18.0                           | 38.5  | 54.1 | 70.4   | 79.8 |
| 142      | Mozambique               | 0.523     | 289.0 | 148.6                 | 41.2                           | 14.0  | 19.9 | 77.3   | 79.6 |
| 149      | Malawi                   | 0.565     | 349.0 | 132.7                 | 22.9                           | 17.6  | 26.1 | 72.6   | 82.0 |
| 158      | Mali                     | 0.671     | 562.0 | 169.1                 | 9.5                            | 7.3   | 16.4 | 61.2   | 80.6 |
|          | Sub-Saharan Africa (SSA) | 0.570     | 535.0 | 104.9                 | 24.0                           | 28.8  | 39.8 | 63.3   | 72.7 |
|          | Low HDI                  | 0.592     | 572.0 | 102.8                 | 22.2                           | 17.2  | 30.1 | 57.7   | 72.3 |

MMR=Maternal Mortality Ratio, LFPR=Labor Force Participation Rate

Source: 2020 Human Development Report

2 Countries with absolute deviation from gender parity (100. |GDI-1) of 2.5 - 5 percent

3 Countries with absolute deviation from gender parity (100. |GDI-1) of 5-7.5 percent.

4 Countries with absolute deviation from gender parity (100. |GDI-1) of 7.5-10 percent

5 Countries with absolute deviation from gender parity (100. |GDI-1) of more than 10 percent

female and male achievements in the three GII dimensions. **Table 3.6** presents Malawi's GII relative to other countries.

As presented in **Table 3.6**, Malawi is ranked 142 out

of 162 countries in the 2019 index with a GII value of 0.565. The number of parliamentary seats held by women had increased from 5.4 percent in 1994 when Malawi had the first multiparty democratic elections to 23.3 percent in the May 2019 tripartite elections. Prior to the 2019 May elections, the number of female parliamentary seat was at 17 percent in 2018, representing a jump of 6.3 percent.

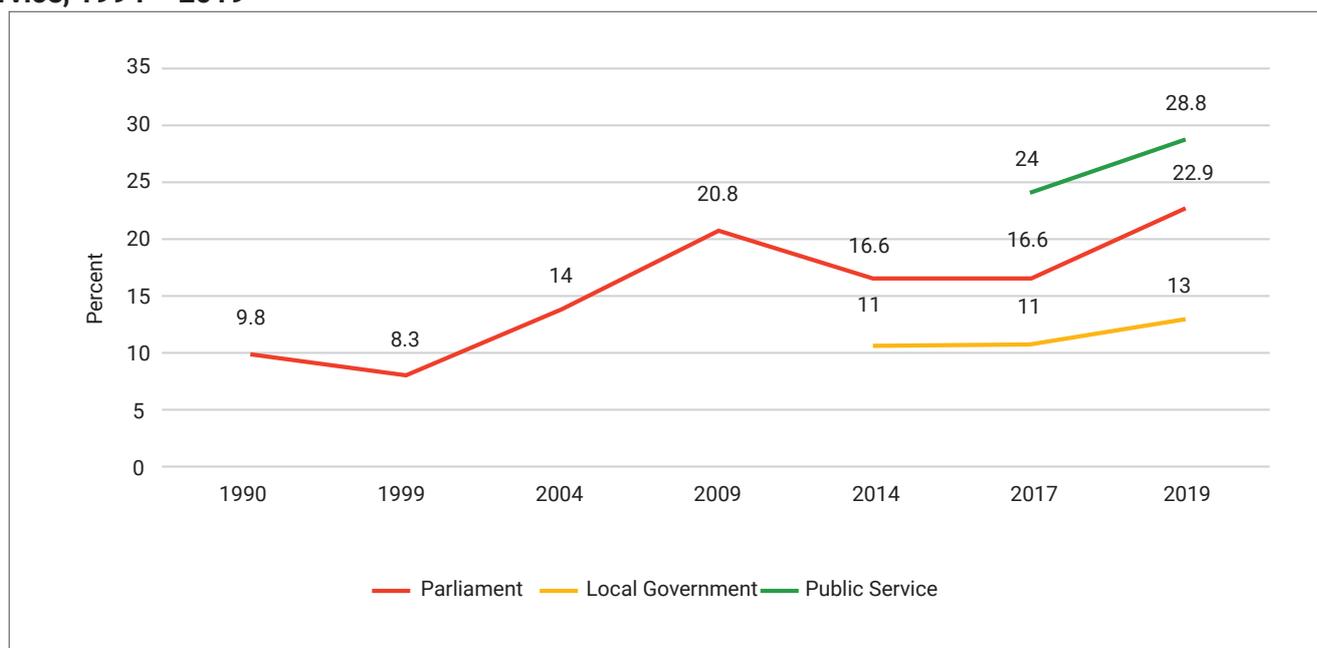
The proportion of adult women with at least secondary education level stood at 17.6 percent compared to 26.1 percent of their male counterparts in 2019. Maternal Mortality Ratio (MMR), which reflect the number of women who die from pregnancy-related causes per 100,000 live births, stood at 349 while the adolescent birth rate is 132.7 births per 1,000 women of ages 15-19 in 2019. The female labour force participation rate was at 72.6 percent compared to 81.1 for men in 2019. In contrast, Malawi’s neighbouring countries, such as Zambia and Tanzania, have GII values of 0.539 and 0.556, with rankings 137 and 140 out of 162 countries, respectively. In comparison, Malawi’s neighbouring countries of Zambia and Mozambique have a lower MMR of 213 and 289, respectively, by 2019.

In terms of district-level analysis in Malawi (2019), Nsanje has the highest proportion (60 percent) of parliamentary seats held by women in 2019, followed by Ntchisi, Mchinji, Mwanza and Balaka with 50 percent of female parliamentary seats, while 8 districts<sup>6</sup> have no parliamentary seats held by women following the 2019 tripartite elections as presented in 3.7.

An analysis of the ratio of female MPs to total MPs in Parliament shows an increasing trend from 1994 to 2019 (Figure 3.4). Nevertheless, its Gender Parity Index is still below one (1). The rise in the trend emanates from the fact that some districts made significant gains in women representation. However, there are others that have only gotten one-off representation (Chitipa, Karonga, Rumphi Likoma and Chiradzulu) and some who have lost the gains they made.

The 2019 elections paint an exceptional picture for Malawi. Results of this election showed that some districts registered high ratios of 1.5 to 0.67 (Figure 3.5). These districts include Nsanje, Ntchisi, Mchinji, Mwanza, Balaka and Phalombe. Other districts like Mchinji, Ntchisi, Mwanza and Balaka achieved equal

**Figure 3.3: Trend (percentage) of Women Representation in Parliament, Local Government and Public Service, 1994 – 2019**



Source: Government of Malawi (2019a), Ministry of Finance, Economic Planning and Development, Program Based Budget; Inter-Parliamentary Union, available at Index Mundi, <https://www.indexmundi.com/facts/malawi/indicator/SG.GEN.PARL.ZS>

6 These are Chitipa, Karonga, Likoma, Salima, Dedza, Chiradzulu and Neno

**Table 3.7: The trend in the percentage of female parliamentary seats in Malawi by district**

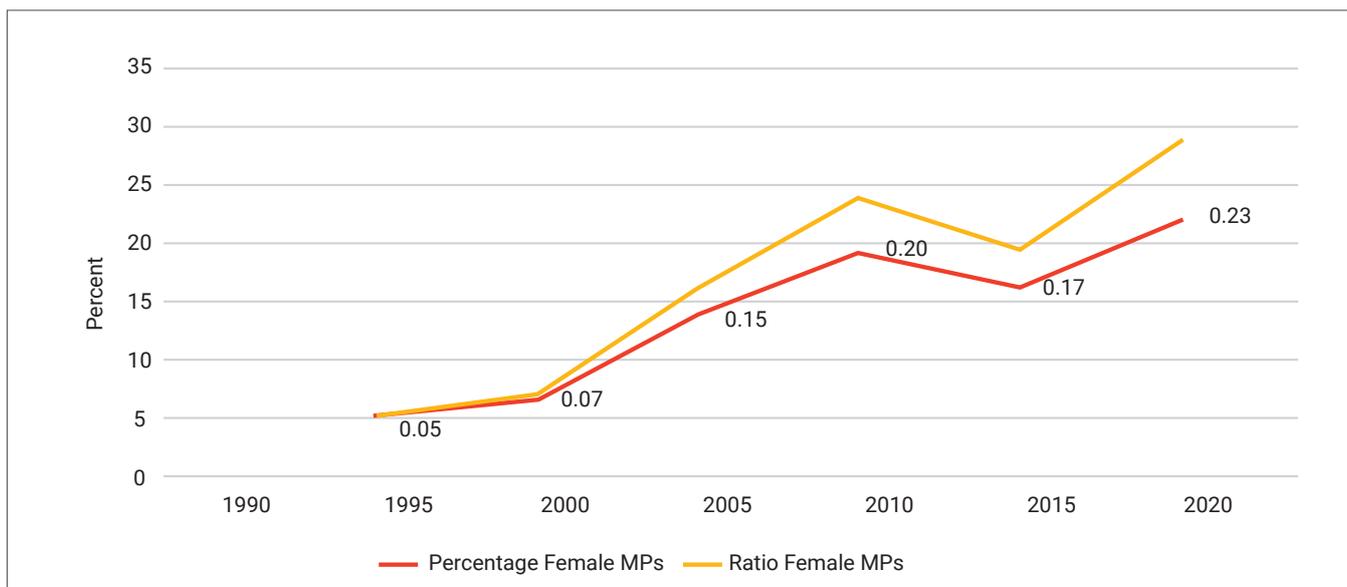
| District   | Election year |      |      |       |      |      |
|------------|---------------|------|------|-------|------|------|
|            | 1994          | 1999 | 2004 | 2009  | 2014 | 2019 |
| Nsanje     | 0.0           | 0.0  | 20.0 | 40.0  | 20.0 | 60.0 |
| Ntchisi    | 0.0           | 0.0  | 0.0  | 0.0   | 25.0 | 50.0 |
| Mchinji    | 0.0           | 14.3 | 0.0  | 33.3  | 16.7 | 50.0 |
| Mwanza     | 0.0           | 0.0  | 0.0  | 0.0   | 0.0  | 50.0 |
| Balaka     | 0.0           | 0.0  | 0.0  | 50.0  | 25.0 | 50.0 |
| Zomba      | 0.0           | 20.0 | 20.0 | 50.0  | 10.0 | 40.0 |
| Phalombe   | 0.0           | 0.0  | 20.0 | 20.0  | 40.0 | 40.0 |
| Mangochi   | 20.0          | 8.3  | 25.0 | 0.0   | 16.7 | 33.3 |
| Mulanje    | 9.1           | 55.6 | 55.6 | 11.1  | 33.3 | 33.3 |
| Chikwawa   | 0.0           | 0.0  | 16.7 | 16.7  | 0.0  | 33.3 |
| Machinga   | 10.0          | 14.3 | 0.0  | 14.3  | 14.3 | 28.6 |
| Mzimba     | 0.0           | 8.3  | 27.3 | 8.3   | 37.5 | 25.0 |
| Lilongwe   | 0.0           | 4.5  | 9.1  | 22.7  | 9.1  | 22.7 |
| Kasungu    | 22.2          | 0.0  | 0.0  | 22.2  | 22.2 | 22.2 |
| Nkhotakota | 0.0           | 0.0  | 20.0 | 20.0  | 40.0 | 20.0 |
| Khatam-Bay | 14.3          | 0.0  | 0.0  | 28.6  | 33.3 | 16.7 |
| Blantyre   | 10.0          | 0.0  | 25.0 | 16.7  | 16.7 | 15.4 |
| Dowa       | 0.0           | 0.0  | 14.3 | 0.0   | 14.3 | 14.3 |
| Ntcheu     | 0.0           | 14.3 | 14.3 | 0.0   | 0.0  | 14.3 |
| Thyolo     | 0.0           | 0.0  | 28.6 | 28.6  | 14.3 | 14.3 |
| Chitipa    | 0.0           | 0.0  | 0.0  | 20.0  | 0.0  | 0.0  |
| Karonga    | 0.0           | 0.0  | 20.0 | 0.0   | 0.0  | 0.0  |
| Rumphi     | 0.0           | 0.0  | 0.0  | 0.0   | 25.0 | 0.0  |
| Likoma     | 0.0           | 0.0  | 0.0  | 100.0 | 0.0  | 0.0  |
| Salima     | 0.0           | 0.0  | 0.0  | 20.0  | 20.0 | 0.0  |
| Dedza      | 25.0          | 0.0  | 12.5 | 12.5  | 12.5 | 0.0  |
| Chiradzulu | 0.0           | 0.0  | 0.0  | 60.0  | 0.0  | 0.0  |
| Neno       | 0.0           | 0.0  | 0.0  | 100.0 | 50.0 | 0.0  |
| Malawi     | 5.4           | 6.8  | 14.6 | 20.2  | 17.0 | 23.3 |

**Source: NHDR team calculations using data from Malawi Electoral Commission (MEC) and district councils**

representation (a ratio of 1). Overall, the ratio of female to male MPs remains far below 1. Other districts have remained with no female representation as shown in **Figure 3.5** below.

Women representation in decision making structures, in general, is 40 per cent, with 28.8 percent of decision-making positions in the public service, held by women (Government of Malawi, 2019a).

**Figure 3.4: Trend in ratio and percentage of female MPs in Malawi**



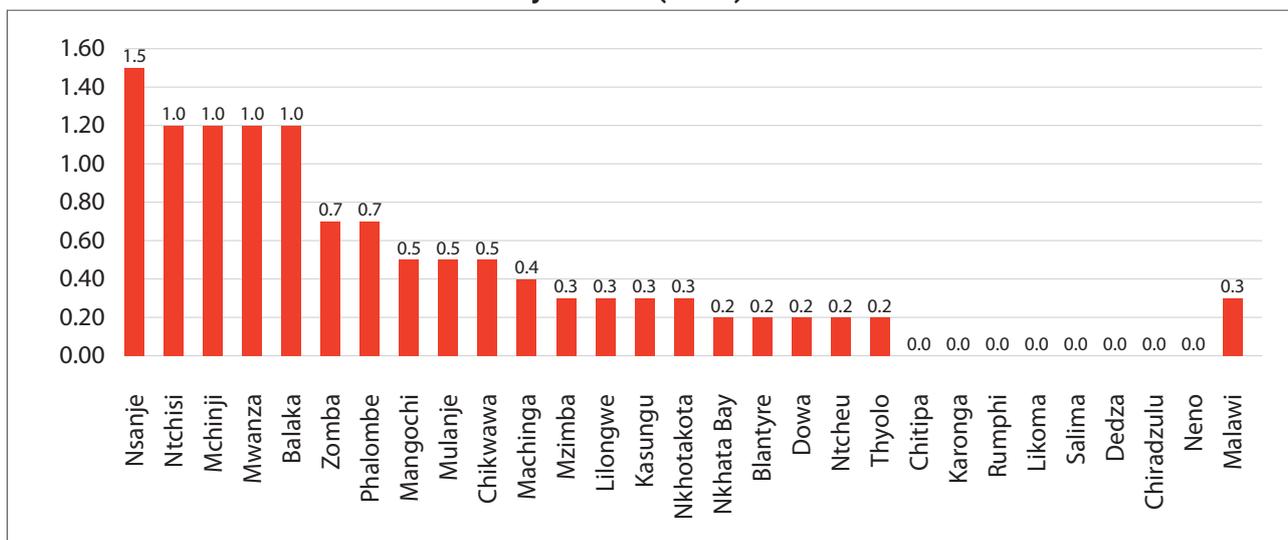
Source: NHDR team calculations using data from Malawi Electoral Commission (MEC) and councils

### 3.6 HDI versus share of GDP

An analysis of the correlation between the share (contribution) of region/district GDP (to national GDP) and HDI reveals an inverse relationship. As shown in **Figure 3.6** while Northern Region has the highest HDI, it has the lowest contribution to GDP at 12.1 percent, followed by the central region with HDI of 0.495 and GDP share of 42.4 percent. The Southern Region, while having the lowest HDI (0.490) has the highest contribution to national GDP at 45.5 percent.

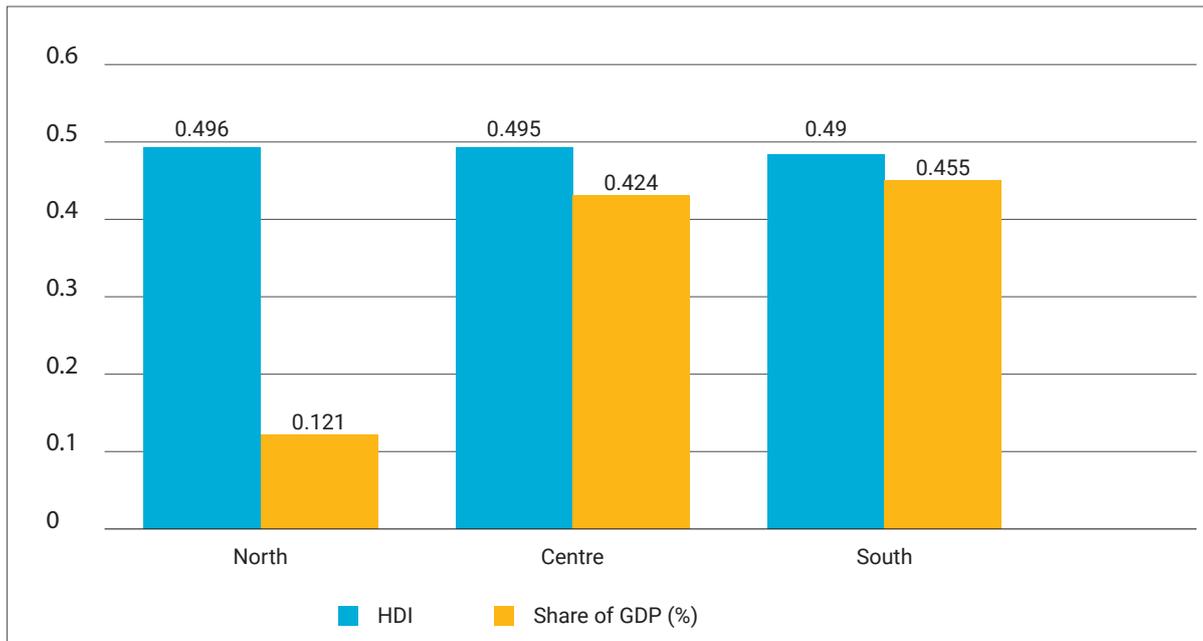
In terms of cities and districts, Lilongwe District (9 percent) and Lilongwe City (6.2 percent) in total have the highest contribution to national GDP of 15.2 percent followed by Mangochi (5.8 percent) and Mzimba District (5.0 percent). While Zomba City is the most developed by HDI, it has the lowest contribution to national GDP at only 0.7 percent. As expected, Likoma has the lowest contribution to national GDP at only 0.1 percent, yet it is ranked 10 with HDI of 0.498 (**Figure 3.7**), which is above the average HDI value (0.495).

**Figure 3.5: Ratio of Female to Male MPs by District (2019)**



Source: Parliament of Malawi, Malawi Electoral Commission website. Computed soon after the May 2019 Tripartite Elections

**Figure 3.6: Regional HDI versus share of GDP**

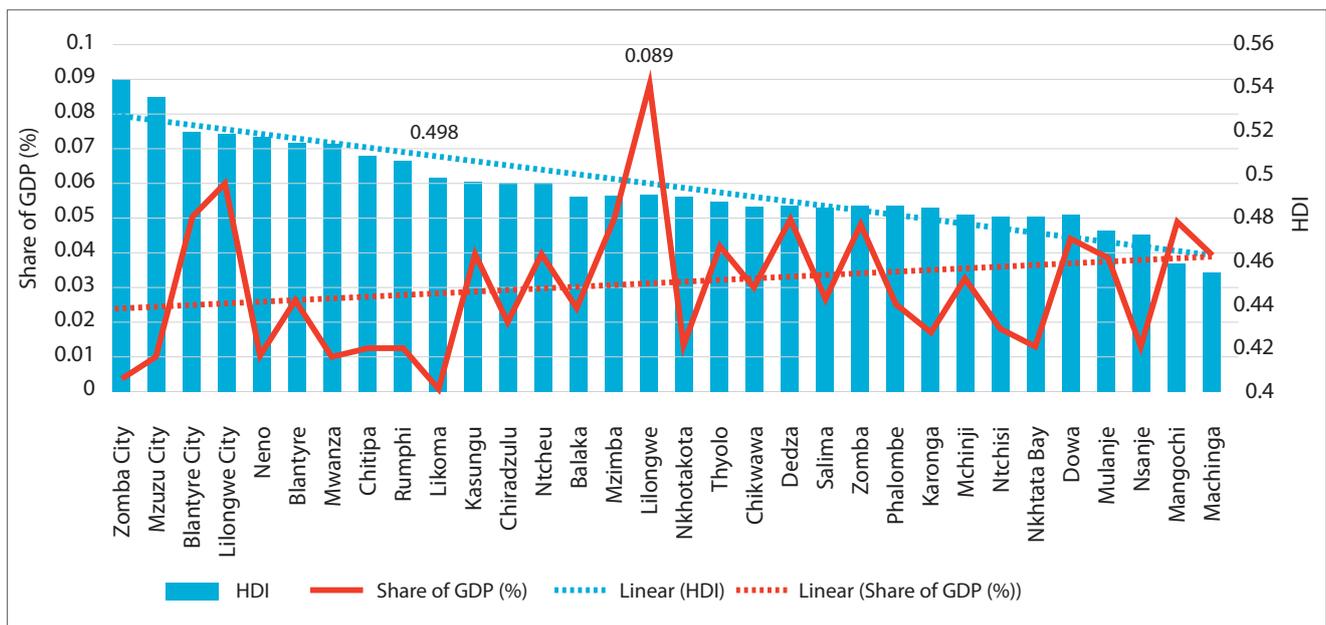


Source: computed from various sources primarily NSO, see the technical note on HDI computation. Regional GDP values computed following the employment approach as outlined in the technical note

This observed pattern confirms that economic growth alone is not a sufficient condition for human development. Macroeconomic policies that pursue economic growth policies by export orientation and structural adjustment are policies for attaining high economic growth regimes and may not benefit of social well-being. Unless there are deliberate efforts towards addressing social inequities and delivering benefits to the most vulnerable and poor, economic growth can remain at the level of empirical im-

provements in the country’s economic performance without delivering real human impact. Despite there being higher levels of economic activity in the South, this has not translated into accompanying improvements in health and education standards, whereas the North and Central regions have had to focus on such sectors primarily due to their lack of economic opportunities, which has resulted in their better performance. This counterintuitive record underlines the importance of deliberate policies

**Figure 3.7: HDI versus city and district share of GDP (percent)**



Source: NHDR team calculations

and efforts to boost human development, and the fact that economic development alone does not automatically translate into wellbeing. Efforts must be made to prioritise interventions in health and education, alongside ensuring that decent work opportunities improve wellbeing, for laying the foundations for sustainable human development.

### 3.7 Poverty and deprivation indices

#### 3.7.1 Income/monetary poverty and inequality

Poverty levels in Malawi remain high and pervasive. According to Vision 2020 and the MGDSs (I-III), per capita GDP needed to grow at a minimum of 6 percent for Malawi to reduce her poverty levels. However, since 1995, Malawi’s annual economic growth has averaged about 5.3 percent. With population growth of close to 3 percent, per capita GDP is growing at 2.2 percent. Therefore, Malawi’s inability to reduce poverty reflects its lack of robust economic growth. This is despite government policies, initiatives and programmes that focused on economic growth and poverty reduction, such as the Malawi Poverty Reduction Strategy Paper (Government of Malawi, 2002) and the medium-term development strategy-the Malawi Growth and Development Strategy (MGDS I-III).

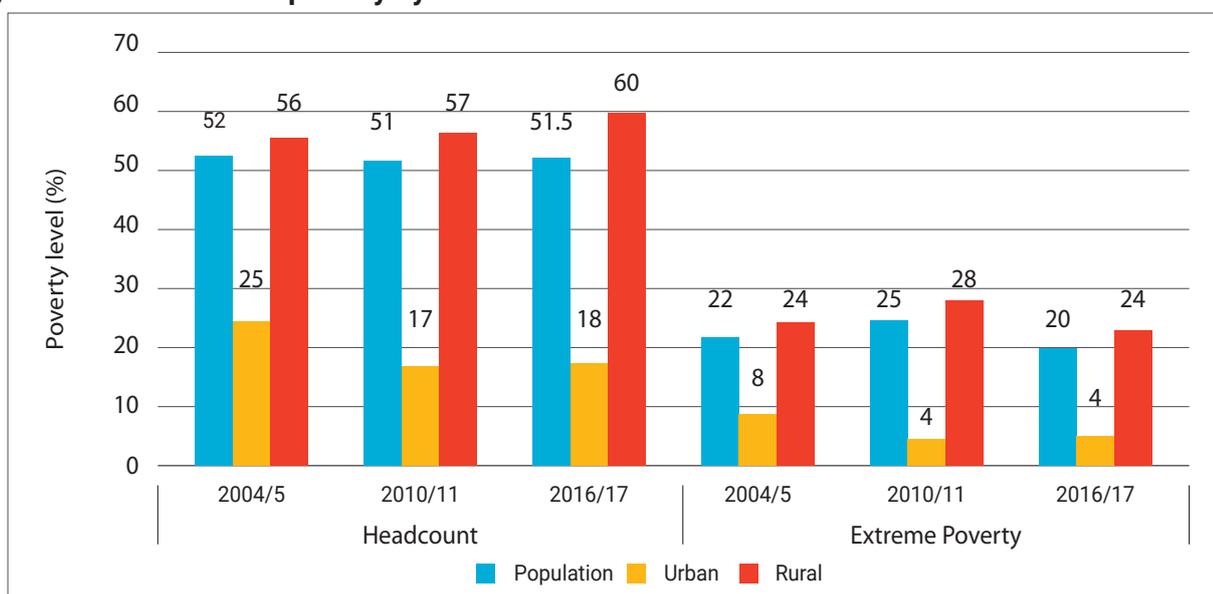
To revitalize its economy and polity, the country has

recently put forward its long-term development vision in January 2021 – the Malawi 2063, which aims to reverse this slow development progress by focusing on three transformational pillars. They are (i) agricultural productivity and commercialization, (ii) industrialization, and (iii) urbanization. The goal is for Malawi to become an inclusively wealthy, self-reliant, industrialized upper middle-income country. This vision for inclusive wealth creation aims to not leave behind those segments of society that are vulnerable and marginalized. Therefore, addressing income and multidimensional poverty and inequality is a central policy objective, and the tracking of national, regional and district level disparities is essential to this task.

Over the years, the national poverty headcount has not changed much between 2005 and 2016. As shown in **Figure 3.8**, the national poverty headcount in 2005 was at 52.4 percent, it declined to 50.7 percent in 2010 and rose to 51.5 percent in 2016, representing a 0.7 percentage point rise in poverty between 2010 and 2016/17. The incidence of poverty among those living in urban areas decreased between 2004 (25 percent) and 2010 (17 percent) and then increased by a small margin between 2010 and 2016 (18 percent).

On the other hand, the incidence of poverty in the rural areas has been rising from 56 percent in 2005

**Figure 3.8: Incidence of poverty by areas in Malawi**



Source: computed from IHS4 data, National Statistical Office (NSO)

to 57 percent in 2010 and 60 percent in 2016. This calls for the need of promoting local economic development through the district-focused approach as espoused in this report if this trend is to be reversed. In terms of the poverty gap, the depth of poverty currently (2016/17) stands at about 17 percent of the country’s total population, a decline from 17.8 percent in 2004 and 18.9 percent in 2010.

However, preliminary analyses on the impact of COVID-19 on poverty in Malawi indicate that the pandemic has worsened the poverty situation, particularly in urban areas, by substantially reducing household income via the closure and disruption of businesses and job losses and depressed markets. As a result, IFPRI (2020) estimates that an additional 1.1 million poor people fell temporarily into poverty, most of whom are in rural areas due to declines in per capita incomes, which is one of the constitutive elements of human development.

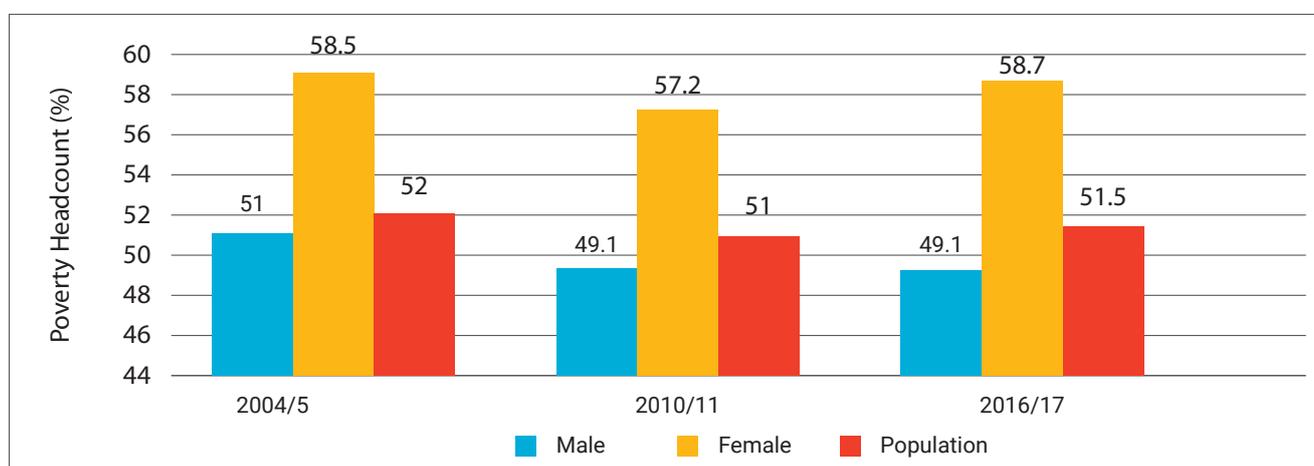
Sex-desegregated analysis in **Figure 3.9** shows that the incidence of poverty among female-headed households declined by a small margin between 2004 from 58.5 percent in 2004 to 57.2 percent in 2010 and increased to 58.7 percent in 2016. On the other hand, the poverty headcount ratio among male-headed households declined from 51 percent in 2004 to 49.1 percent in 2010 and remained constant in 2016. This clearly shows the prevalence of poverty levels is high among female-headed households as compared to male-headed households. As

such, deliberate efforts and policy interventions targeting female-headed households need to be made to uplift these out of poverty.

Analysis of poverty by region shows that the incidence of poverty is more pronounced in the Southern Region with about 60 percent of the population living in poverty, followed by the Northern region (49.4percent) and Central Region (47.5percent). In terms of districts, all the four cities (Blantyre, Zomba, Lilongwe, and Mzuzu) have the lowest incidence of poverty ( **Figure 3.10**) well below 20 percent, with Blantyre City having the lowest levels of poverty (8 percent) followed by Mzuzu City (9.4 percent), Zomba City (15.8 percent) and Lilongwe City (18 percent). It is therefore not surprising that the cities have relatively higher HDIs, all above 0.5.

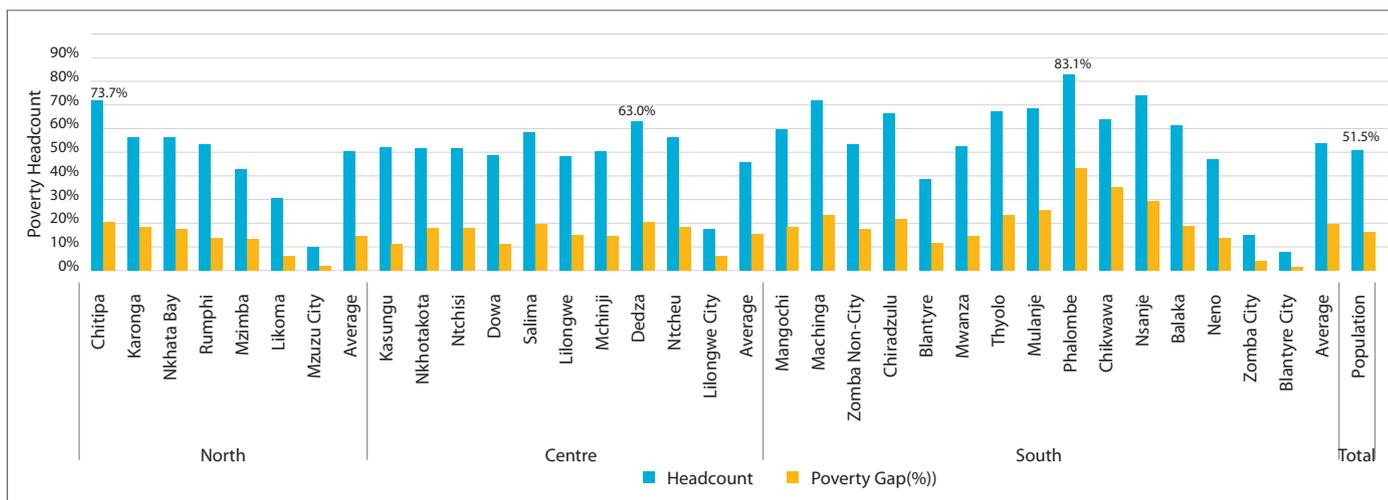
Phalombe District in the Southern Region has the largest population of people living in poverty (83.1 percent), followed by Chitipa (73.7 percent) in the North, while Dedza district has the largest population of people living in poverty (63.1 percent) in the Central Region. However, as indicated by district HDI, the trends in poverty do not necessarily reflect the level of human development. For instance, while Chitipa has one of the highest poverty levels, it has the highest HDI (0.506) in the Northern Region among the districts. This may reflect the fact that multidimensional poverty is a better measure of well-being than income or monetary measures of poverty.

**Figure 3.9: Poverty status by sex of the household head**



Source: National Statistical Office (NSO)

**Figure 3.10: Incidence of poverty headcount and poverty gap by district**



Source: NHDR team calculations using from IHS 4 Data set by the National Statistical Office (NSO)

### 3.7.2 Income inequality

Figure 3.11 shows a general improvement in inequality in Malawi, as indicated by a declining Gini coefficient from around 0.50 in 1968/69 and picked up in 1992/93 (0.62) to 0.434 in 2015/16. However, the ongoing COVID-19 pandemic is likely to have widened the social and economic inequalities between the poor and the rich in Malawi.

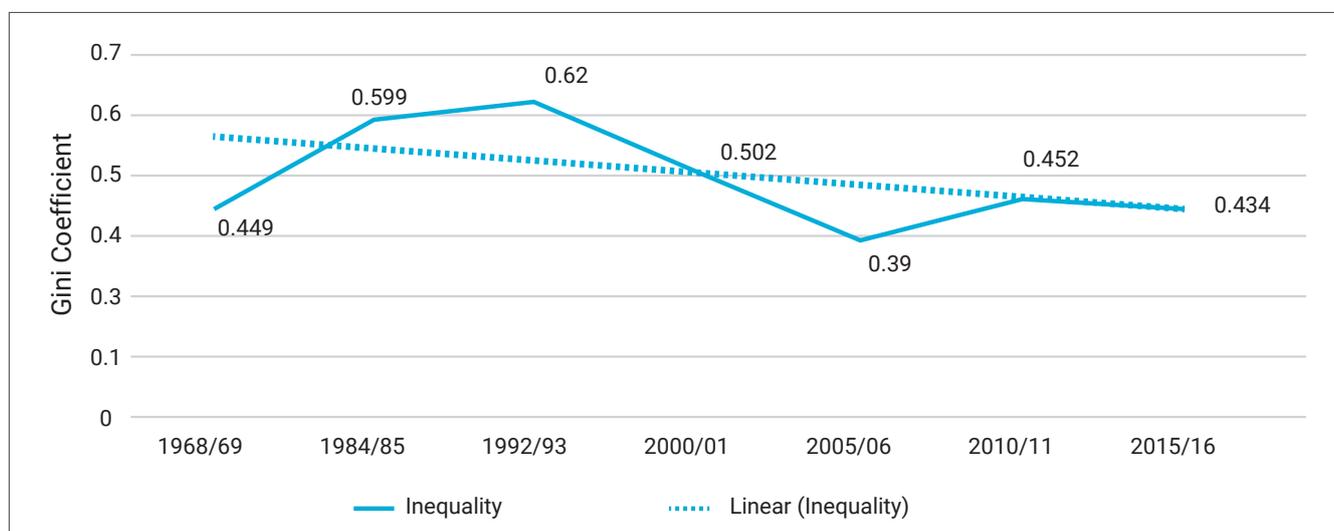
### 3.7.3 Multidimensional Poverty Index

The Multidimensional Poverty Index (MPI) differs from the standard poverty measures because the MPI goes beyond income as the sole indicator for poverty by exploring ways in which people experi-

ence poverty in several dimensions such as their health, education, and living standards (UNDP, 2019). The MPI is simply the share of the population that is multidimensionally poor, adjusted by the intensity of the deprivations.

The UNDP in collaboration with the Oxford Poverty and Human Development Initiative (OPHI), has been producing the Global MPI for countries based on available data sets such as Demographic and Health Surveys (DHS), Multiple Indicator Cluster Surveys (MICS) and other national surveys. The 2019 Malawi’s global MPI was computed using data from the 2015/16 DHS. According to the 2019 Multidimensional Poverty Index Report<sup>7</sup>, Malawi has an

**Figure 3.11: Inequality trend in Malawi**



Source: NSO, Malawi

7 Global Multidimensional Poverty Index: Illuminating Inequalities

**Table 3.8: Malawi's Global MPI relative to other countries**

| Country    | MPI       | SDG 1.2                                |       |       |        |                       | SDG 1.2  |   | SDG 1.1               |                  |
|------------|-----------|--|-------|-------|--------|-----------------------|--|---|-----------------------|------------------|
|            |           | Population in multidimensional poverty |       |       |        |                       | Population vulnerable to multidimensional poverty<br>Population in severe multidimensional poverty (%) | Population living below income poverty line (%) |                       | PPP \$1.90 a day |
|            |           | Year and survey                        | Index | H (%) | A (%)  | Number of poor (2017) |  | Inequality among the poor                       | National poverty line |                  |
| Malawi     | 2015/2016 | 0.243                                  | 52.6  | 46.2  | 9,547  | 0.013                 | 18.5   | 28.5  | 51.5                  | 70.3             |
| Mali       | 2018      | 0.376                                  | 68.3  | 55.0  | 13,036 | 0.022                 | 44.7   | 15.3  | 41.1                  | 49.7             |
| Mozambique | 2011      | 0.411                                  | 72.5  | 56.7  | 21,371 | 0.023                 | 49.1   | 13.6  | 46.1                  | 62.4             |
| Zambia     | 2018      | 0.232                                  | 47.9  | 48.4  | 8,313  | 0.015                 | 21.0   | 23.9  | 54.4                  | 57.5             |
| Tanzania   | 2015/2016 | 0.273                                  | 55.4  | 49.3  | 31,225 | 0.016                 | 25.9   | 24.2  | 26.4                  | 49.1             |

H=Headcount; A=Intensity. Source: 2019 Global Multidimensional Poverty Index

MPI of 24.3 percent, with 52.6 percent (9,547 thousand people) of the population being multidimensionally poor. The breadth of deprivation (intensity) experienced by those in multidimensional poverty stands at 46.2 percent, while 28.5 percent are classified as vulnerable to multidimensional poverty (5,162 thousand people). In comparison, Mali and Zambia have MPIs of 0.376 and 0.232, respectively (see Table 3.8).

### 3.8 Impact of COVID 19 on the economy and human development

While the study that led to the development of this report took place before the COVID 19 pandemic emerged, its impact on the Malawian economy cannot be underestimated. In cognizance of the fact that the effects and impacts of the pandemic are still evolving, the report recommends a detailed study on the impact of the pandemic on the economy. Nevertheless, this section presents some potential effects on the economy.

In the first place, the COVID 19 pandemic has and will continue to exacerbate the already dwindling Malawi economy. Among others, the pandemic has negatively affected the GDP growth rate of the economy and increased trade and fiscal deficits through a reduction in domestic revenue collection. The latter is due to reduction in economic activities,

particularly in the private sector experiencing the reduction in domestic revenue and reduced export revenue due to travel restrictions imposed as one of the COVID-19 preventive measures.

The Malawi Government estimates that revenue collection has dropped by 35 percent on average per month between the pre-COVID 19 period and during the post-COVID 19 period.<sup>8</sup> Thus, the pandemic will further increase fiscal pressures given Malawi's limited fiscal space. The World Bank (2020) also notes that government expenditure is expected to increase further with multifaceted impact. For instance, beyond current allocations, increased funding for the health sector is likely to be needed beyond the current US\$ 20.4 million package. In addition, the proposed cash transfers to over 185,000 households are also expected to cost US\$ 48 million. As a result, the fiscal deficit is expected to widen further beyond 10 percent of GDP.

According to UNDP (2020), other sectors that COVID-19 Pandemic has heavily impacted are wholesale and retail trade losing an estimated MK29.60 billion in output, services and industry, agriculture, and food system (AFS), manufacturing (MK28.92 billion estimated output loss), transport, tourism, and accommodation, while the lowest losses are expected in the agricultural sector (MK2.72 billion). Thus, the

total estimated GDP loss due to COVID-19 is MK86 billion, representing 6.5% of the expected GDP. The negative impacts of COVID-19 on the economy are also projected to remain for more than 5 years. In addition, COVID-19 response interventions undertaken by the Malawi government, such as social distancing and extended lockdowns, also have the potential of driving most of the population into poverty.

### 3.8.1 Impact of COVID-19 on Human Development

The impact of the COVID-19 pandemic on human development in Malawi is inevitable. The pandemic presents a human development crisis that will likely reverse the gains made so far in key human development dimensions—health, education, and income per capita. Malawi is one of the countries that implemented nationwide school closures during the onset of COVID-19. The impact of school closures and restrictions, and disruptions in accessing health services is likely to have multifaceted effects in the short- and long-term. The COVID-19 pandemic has brought in complex challenges that have increased child marriages estimated to be above 47% (Ministry of Gender, Child and Social Welfare, 2020). Research has shown that during the COVID-19 crisis, girls and women have disproportionately been affected. Malawi Police Service (August 2020) shows the increase of defilement cases from 645 before COVID-19 to 875 during the COVID; cases of rape (from 62 to 72), indecent assault (from 106 to 152) and other sexual violence have also increased (from 173 to 300).

COVID-19 will also deepen poverty caused by the loss of income and livelihoods and the inability to access markets. On the gender front, this is likely to drive many families to marry off their daughters early as a coping strategy to alleviate economic hardship, especially in contexts where bride price is paid. Other negative coping mechanisms include survival sex and child labour, especially during school closures when most children were idle. The school closure from March to September 2020 will have long-term impacts on girls' futures, particularly those

from more impoverished and more remote families who have been married off or become pregnant.<sup>9</sup>

The pandemic will further exacerbate equity conditions in that communities and groups already lagging in enhanced capabilities will be particularly affected. Leaving them further behind will have long-term impacts on human development. COVID-19 cases picked up during June, July and August and declined from September towards October. Besides, the case fatality rate has generally been low in Malawi relative to other African countries. While the cases are declining, the long-term impacts will remain, and this calls for robust interventions and a recovery plan if the country is to diminish the impacts post-COVID-19 period. Among others, the education and health sectors are key target intervention areas if the country is to safeguard the gains made so far in human development. To contain the impact of the pandemic would require developing a post-COVID-19 economic recovery plan that would help to boost revenue collection for local economic development.

<sup>9</sup> The Global Partnership to End Child Marriage (2020). COVID 19 and Child, Early and Forced Marriage: An Agenda for Action



Members of Mkawa Fish Farmers club during one of their VSL meetings.  
Photo credit: UNDP

# CHAPTER FOUR: MALAWI'S DECENTRALIZATION AS AN INSTRUMENT FOR DELIVERING LOCAL DEVELOPMENT AND ACCOUNTABILITY

Malawi's decentralization process, which formally started in 1998, is guided by policy and legal instruments such as the Republican Constitution, the Local Government Act of 1998, and the National Decentralization Policy framework. These provide the operational guidelines for the various duty bearers at national, district and grass-root levels. The decentralization process largely manifests itself in terms of political/institutional, fiscal, and administrative decentralization. Both fiscal decentralization and administrative decentralization have been implemented through a government directive to make the District Commissioners and Chief Executive Officers as Controlling Officers in the management of the local councils' financial and human resources. Political/institutional decentralization, which relates to power-sharing authority on different jurisdictional issues between the levels of government, has been more challenging to undertake. Commitment to administrative administration, which is also at the core of Malawi's decentralization process, has seen most sectors decentralizing/devolving their human resources to the local councils.

The decentralization process faces challenges of limited financial resources, as local councils get only about 3.3 percent of the total net national budget. High vacancy rates coupled with the low capacity of both technical staff and duty bearers (elected officers) to effectively plan, budget, implement and monitor the use of the financial resources at the local levels exacerbate these challenges. Hence, most councils collect far below their planned annual targets. Much as local councils are mandated by law to collect and use their own revenues, the low economic conditions of the local

governments coupled with low human resource capacity at the Council Secretariats result in the sub-optimal realization of this goal. Consequently, the actual local councils' own locally generated revenues are estimated to be about 28-29 percent of the total resources available. There are noticeable urban-rural variations, with urban councils being largely autonomous compared to their rural counterparts. The COVID-19 pandemic is likely to aggravate the challenges relating to revenue collection efforts of both the urban and rural councils.

The Malawi Government is yet to put in place a transparent and empirically based Intergovernmental Fiscal Transfer Formulae to guide the allocation of public resources from the centre to the local government as required by the National Constitution and the National Local Government Act. This can be complemented by mechanisms for rewarding district councils for prudent financial management and sanctions for the district councils that abuse resources reported by the Auditor General reports. Again, there is also a need for developing the capacity of low tier governance structures to perform checks and balances on the office bearers and service providers. These measures would help to ensure transparency and accountability so that district councils can implement their district development plans.

Local governments seem to have high levels of awareness of the importance of mainstreaming gender issues in the planning, execution, and review of the local government programmes, and almost all the local council structures strive to be inclusive in terms of different gender groups. Nonetheless, there are still persistent gaps.

## 4.0 Introduction

This chapter explores factors that limit the participation and engagement of people in charting a progressive course to poverty eradication, wealth creation and sustainable development, equitable access to public services, and the social accountability of duty bearers. It also explores the social trust issues that stop citizens from actively raising their voices and participating in the development process. Before discussing how Malawi has fared in its decentralization drive, the assessment briefly looks at some international experiences that have promoted sustainable human development and institutional accountability through district and community-focused approaches.

### 4.1 Experiences of fiscal decentralization from other countries

This section presents lessons from other countries that have promoted sustainable human development and institutional accountability through district and community-focused approach. The premise for focusing on the district-level focused approach to development follows recognition of the role of good local governance in contributing to sustainable development in three ways: (1) by delivering services and promoting sustainable development more effectively and efficiently; (2) by giving people a voice in the development process in a more inclusive way; and (3) by empowering the local people to demand transparency and accountability from the duty bearers and service providers. It has been argued that decentralization leads to efficiency in public policy and helps to promote sustainable economic growth (Oates, 1972, Hammod and Tosun, 2009). Besides growth effects, decentralization can only be effective when the local governance systems are empowered politically and with adequate resources to enforce accountability and ensure quality service delivery at the district level where the local people live.

Secondly, besides the capacity of local governments, fiscal decentralization could lead to sub-optimal outcomes or even fail if local governments simply

act merely as spending agents of the central governments and not as responsibly autonomous. In Nigeria, improved autonomy of state governments and reduced dependence on transfers from the centre resulted in positive impacts on social service delivery with local responsiveness, that led to lower mortality rate and higher literacy rate (Dada, 2015).

Thirdly, there is a need for clear incentives systems and sanctions to the local governments to make fiscal decentralization work. A good case in point is the elaborate narrative provided by Craig and Porter (2003) on the experiences with Uganda's decentralization, known as District Development Program (DDP), that came into effect in the late 1990s as shown in **Box 4.1**. Initially financed by the UN Capital Fund (UNCDF) and then upscaled by World Bank financing, it began implementation in 1997 following 18 months of intensive design consultation with local councils and citizens. The program achieved two things simultaneously. First, it sought to empower locally elected leaders at the lowest level of government to promote socially and economically productive activities by defining decentralized systems of planning, financing and management that reinforced the accountability relations between leaders

#### Box 4.1: Decentralization experience with Uganda's District Development Program

The DDP modality has involved central government transfers of unconditional (non sector-specific) development funds (the local development grant) to districts and sub-counties across the country that meet specified minimum governance conditions. The minimum conditions were discussed and agreed during the program's formulation and, in the main, focus on planning, budgeting and public disclosure procedures culled from the Local Government Act 1997 that local councillors and citizens judged would fairly articulate "accountability," of elected leaders to their constituents, accountability relations between administrative and political officials, and accountability "vertically" among different levels of local and central government.

There were strong incentives to ensure that the government development priority sectors: primary health care, education, feeder roads, water supply, support for agriculture, and local productive activities benefit from LDF resources. Local governments

were free to allocate resources according to local demands, but if their decisions correspond with national PRSP priorities, and achieve more than half of the seven specified performance measures (for which there are 25 indicators, of which 80 % of expenditure going to priority sectors is one), their LDF share increased by 20%. If less than half of the measures are met, the LDF share is reduced by 20%. Sanctions and penalties also operate. The incentive for sub counties to get their record keeping and financial management systems into order is their eligibility to receive a block grant transfer. The penalty for non-compliance with the prescribed procedures is exclusion. This creates strong pressure on the sub counties to sharpen up: from above and from below, from within the bureaucracy, from elected councillors, and from the community.

**Source: Craig and Porter (2003). Poverty Reduction Papers: A New Convergence, World Development, 31.**

and their constituents. Second, it aimed to create incentives and sanctions that promoted nationally valued objectives in respect of good governance and poverty reduction while not compromising the primary downwards accountability relation (Dada, 2015). Evaluation of Uganda's decentralization program confirmed the local councils' response to local demands in their investment decisions and at the same time articulating national priorities. Accounting and expenditure management also improved along with local procurement practices increasing matching legal requirements and new kinds of accountabilities demonstrated by Councillors.

The above highlighted Ugandan case could be best explained by what Ivanyina and Shah (2012) argue that decentralization is impactful only when local governments are important players in the public sector as measured by their share of general government expenditures. This means local governments, however politically or administratively independent they may be from the central government, will have little ability to serve their constituents if they do not command authority over significant budgetary resources.

In the spirit of a district-focused approach, district heads of departments must in effect, be agents of the central government that must provide the criti-

cal accountability relations between the administrators and elected officials as a key requirement of effective decentralization. As such, increased vertical accountability between the district administrators and central government needs to extend to involve local elected leaders in developing priorities, plans and actively participate in program implementation, monitoring and evaluation.

## 4.2 Status of Malawi's Decentralization: Institutions, Fiscal and Administrative Arrangements

The Government of Malawi adopted a decentralized form of government in the late 1990s through a National Decentralization Policy of 1998 and the Local Government Act in 1998, after thirty years of its centralized form of government. Decentralization was envisioned as an effective tool in poverty reduction through enhanced participation of the grassroots in decision making, promotion of accountability and good governance, and mobilization of the masses for socio-economic development. Over twenty-four years after the adoption of a decentralized form of government, Malawi continues to be a least developed country even as its neighbours and countries with similar profiles have progressed. Poverty and inequality are still deeply entrenched in Malawi, preventing sustainable development.

To assess the successes and failures of decentralization in improving the socio-economic development of the masses, the chapter explores the state of political, fiscal, and administrative aspects of decentralization. This involves inquiries into functions, finances, and functionaries: a) *institutional/political arrangements* that drive the decentralization agenda at national and local government level; b) *fiscal decentralization* as a measure of local government's autonomy and c) *administrative decentralization* to gauge the extent of delegation or transfer of authority from the centre to local governments. It also examines gender issues in the context of decentralization to understand why poverty has remained pervasive in Malawi amongst various groups of men, women, boys and girls with or without vulnerability despite many opportunities and rapid invest-

ments envisaged in local government and rural development.

### 4.3 Decentralization Institutions

#### 4.3.1 National Level Governance Institutions

Decentralization is widely expected to empower local people to engage in meaningful decision making through the decentralized structures supported by national-level institutions. These include structures at national, local government, and grassroots levels. The specific functions of each of them are discussed and the state of their implementation to assess why Malawi continues to find itself in the condition it is in, being one of the least developed countries with rampant poverty and experiencing deeply entrenched inequalities. Conclusions will be drawn on factors that affect meaningful participation and engagement of the masses for sustainable development.

##### 4.3.1.1 Ministry of Local Government

The Ministry of Local Government (MoLG) is responsible for coordinating the decentralization process through which functions, functionaries, financial and other resources are supposed to be transferred from Central Government to the local councils. It also ensures that the Local Government System operates effectively by providing technical and policy guidance and support to the local councils. In this regard, the responsible ministry facilitates the preparation of sector devolution plans at the centre in collaboration with various Ministries and Departments. At the same time, it ensures that the Councils come up with integration plans that show how the councils will take on board the devolved functions (Kutengule, 2014).

##### 4.3.1.2 Malawi Local Government Association

Initially formed in 1966, the Malawi Local Government Association (MALGA) is an independent umbrella association representing all the 35 district and urban councils. It is a body incorporated under the Trustees Incorporation Act of 1962 of the laws

of Malawi (GTZ, 2005). All local authorities are free to be members of the association. MALGA's primary role is to represent, lobby for and defend the interests of Councillors. In other words, it is the voice of the local governments (GTZ, 2005). Thus, its objectives are to secure a robust and coherent voice for local government at all levels, to be an effective link between local government and central government and to work collaboratively with other non-governmental organizations at all levels. The MALGA is also responsible for providing an extensive range of value-added services to local authorities and generating additional income from value-added services to expand the association's work. As a voice for the councils, MALGA has, amongst others, been championing improvements in the conditions of service for the Councillors.

The MALGA has a Board of Trustees with four (4) members. Its supreme organ is the MALGA Council which has a chairperson and one or two members from each Council. There is also an Executive Committee of 12 elected members, which oversees the implementation of policies and programmes. The MALGA has a Secretariat and has seven staff members, six professionals, including a CEO (GTZ, 2005).

#### 4.3.2 Council level structures

The local government (district and city/town) level structures have Councils made up of two arms, namely political and administrative structures. Political structures include Full Council comprising Ward Councillors who are the official political representation at the local council, Members of Parliament, Traditional Leaders (Chiefs), and five interest groups in the Council. There are two wards per constituency. The Councillors are mandated to oversee development projects in their wards.

##### 4.3.2.1 The Full Councils

Full Councils are political arms of local governments consisting of Councillors who are Traditional Authorities (TAs) as ex-officials and other interest groups such as business people, women, youth, people with disabilities and people living with HIV and AIDS in a district/urban area. The Council chair-

persons (for districts and towns) and Mayors (for city/municipal) and their deputies are elected on the 28<sup>th</sup> working day, after the official announcement of election results. As political heads of councils, their roles are non-executive, implying that they are not employees of the Council. Councillors, inclusive of the Mayor/Chairperson, Deputy Mayors/Vice-Chairperson are not expected to perform any administrative functions of the Council (Ministry of Local Government and Rural Development, Guidebook on Local Government System, 2019).

Amongst others, the Councils deliberate and approve all development projects and initiatives under their jurisdiction and monitor and evaluate such initiatives. They also approve budgets for their Council before these are presented to the National Local Government Finance Committee as stipulated under the Local Government Act.

#### 4.3.2.2 Service Committees

Every Council must have six mandatory Service Committees (Local Government Act, 1998). The Committees facilitate the conduct of council business by undertaking an in-depth examination of government policies/projects considering how these can be applied at the council level; propose bylaws to the full Council activities in a given sectoral area, for example, health, finance, environment, among others.

The statutory Service Committees for Councils comprise a) Finance Committee; b) Development Committee; c) Education Committee; d) Works Committee; e) Health and Environmental Committee; and f) Human Resources Committee (MoLGRD, 2018). The MoLGRD (2019) Guidebook on Local Government System further states that Councils can: a) establish additional service committees at the district level, or any other committees at village, ward and area-level; b) establish joint committees: for example, two councils may jointly be responsible for the management of a natural resource or disaster; and c) invite any specialist or other stakeholder to attend a committee meeting and take part in the deliberations of the meeting (but not to vote).

Consultation with representatives of the service

committees during field data collection revealed several challenges that affect their roles. It was reported that decentralization is on paper, but powers remain with the government and not ordinary people. Decision on some projects from central government and those implemented by non-governmental organizations is still top-down, affecting quality, sustainability, and ownership (see Box 4.2 for an example). Unfortunately for the Councillors, they reported a lack of training and effective orientation to their roles such as lack of skills in approaching development activities.

#### 4.3.2.3 The Council Secretariats

The administrative arm, called the Council Secretariat, is comprised of technical people who are permanent employees of the Council. The Secretariat is headed by the **District Commissioner** (DC). The DC serves as a secretary to the Council. The District Council has the mandate to employ its own staff. In some instances, Central Government may second or appoint staff to work in Councils for a specific period (MoLGRD, 2018).

On the other hand, the Cities, Municipality and Town Councils are headed by Chief Executive Officers (CEO), who are also employed by central governments (Geoffroy, 2014). The DC or CEO is the Controlling Officer of the Council or Municipal and is responsible for the day-to-day management of operations and resources of the Council. The Council Secretariat is responsible for implementing decisions taken by the Council (MoLGRD, 2018). Council Secretariats discharge their functions through various Directorates (Government of Malawi, 1998).

The District Council is charged with the overall responsibility to develop the district and facilitate essential services to the district populations. Councils are required to provide for communities' participation in the formulation and implementation of the District Development Plans. In this respect, the Councils have been requested to facilitate the formation of action committees at Area, Ward or Village level. The Committees consolidate their plans submitted to the ministry responsible for local gov-

ernment to harmonize with national policies and programs (Government of Malawi, 1998).

The Secretariat works through various committees and employs permanent staff to carry out its mandates. A recent assessment revealed mixed feelings on the Council's functions, ranging from "not knowing to knowing" a few of the services. A few mentioned are related to public health: provision of water, sanitation, and hygiene, collecting revenue in the markets, regulating vending, provision of security in the markets.

Several challenges were mentioned, including those related to the quality of services broadly; inadequate staff to provide specific services; inadequate supervision; unprofessional conduct of staff reinforced by *laissez faire* type of leadership at the Secretariat.

#### 4.3.2.4 District Executive Committee

At the district level is the District Executive committee (DEC) represented by the heads of government departments and Civil Society Organizations (CSOs) in a district to a total membership of 50. The members include District Commissioner (DC), or Chief Executive Officer (in the case of Urban Executive Committees) as Chairperson; Director of Planning and Development as secretary; Heads of Council directorates and devolved sectors; Representatives of other Government Institutions; Representatives of CSO networks, Non-Governmental Organizations (NGOs), Representatives of the Private Sector; and Heads of parastatals at district level (MoLGRD, 2018). This is a technical body that provides advice to the Council and its service committees. It has the overall responsibility for implementing the District Development Plans (DDP) (MoLGRD 2005:45).

The DEC functions include assisting in setting priorities, identifying, and assessing community needs, and developing project proposals. The DEC is also responsible for giving special support to the formulation of the LDP, giving advice on project implementation and training all development committees (VDC, AEC and ADC) in leadership and management skills. Furthermore, the DEC takes a leading role in

facilitating and coordinating district policies and activities with national policies and advising the District Councils on sectoral policies and programmes (MoLGRD, 2018).

It was reported during consultations that heads of sectors operate at different levels of influence. It is not only how much a sector is funded but how important the sector is in the provision of essential services. Findings show that influence in meetings and decision making is a function of funding levels, services, and favours as seen to be required by others, the possibility of drawing reprisals and occurrences of victimization. The implication is on the quality of decisions that get compromised with no corrective measures when something goes wrong. Consequently, benefits to the communities are not realized.

### 4.3.3 Community level structures

Below the Council level structures, at the grassroots levels, are Area Development Committees and Village Development Committees, and Area Executive Committees (AECs). Their functions are presented below as follows:

#### 4.3.3.1 Area Development Committees

The ADC consists of VDC chairpersons and their secretaries, Councillors, representatives of religious groups, youth and women, and the business community and chairpersons of the AEC (Bokho, 2014). It is a representative body of all the VDCs under a Traditional Authority. Its membership could range from 25 to 60 under the patronage of a Chief.

The ADCs facilitate planning and development at the TA level. Specifically, they set priorities, identify, and prepare project proposals addressing community needs, which cover more than one VDC. They also organize monthly meetings with VDCs from their area, supervise, monitor, and evaluate the implementation of projects at the TA level, bring together community members and resources for self-help projects, improve on and prioritize project proposals for VDCs for submission to District Council (MoLGRD 2005:42). ADC is the only committee

that directly links both with the community members and government departments hence it is one of the most important committees (Bokho, 2014).

#### 4.3.3.2 Area Executive Committee

The AECs consist of extension workers, teachers and NGOs operating in the area. Their primary responsibility is to advise VDCs and ADCs on all aspects of development. Specifically, their role is to train VDC and ADC members and prepare operational guidelines for them. AEC also assists and advises the VDC and ADC to identify and prepare project proposals, review/appraise project proposals before submission for funding, and assist VDCs and ADCs in preparing project implementation plans. They also help with setting up and implementing monitoring and evaluation systems (GTZ, 2005).

#### 4.3.3.3 Village Development Committee

The VDC is the lowest level development structure. Membership is drawn from the village or villages making up the VDC. It is responsible for identifying needs and facilitating planning and development in local communities. It is at this level that the communities raise their needs and demand projects such as boreholes or taps. The VDC comprises of one elected member from each village covered by the VDC; the Counselor of the ward in which the VDC is located; four women representatives nominated by people within the VDC; an extension worker, nominated by the AEC; and Group Village Headman as Advisor and not Chairperson (Kutengule, 2014).

The assessment showed that the ADC, AEC and VDC work closely together and have good support from the DEC. Where the committees exist, they receive training; each one has its Terms of Reference (ToRs), are monitored by field workers; expected to submit quarterly reports to the DEC. All these committees are expected to supervise projects that might have been initiated in their areas of jurisdiction. Some districts were in the process of constituting the committees and trainings with support from partners. Efforts are made to include vulnerable groups such as people with disabilities, those living with HIV and AIDS, youth and women among other interest groups. These com-

mittees work with the communities to develop village action plans (VAPs).

### 4.4 Fiscal Decentralization and Local Government Planning and Budgeting

Fiscal decentralization is a measure of a local government's autonomy and an instrument for enhancing accountability in public policy. From the accountability perspective, Serrano and Llop (2012) note that a decentralized fiscal system is expected to know and use public spending tied to the population's preferences, obtaining the corresponding benefits to society in terms of efficiency gains. Bojanic (2018) finds that the impacts of fiscal decentralization have time dimensions on both revenue and expenditure, implying that as the process of decentralization becomes more ingrained into the fabric of society, over time, fiscal decentralization begins to have the expected positive impact.

Cognizant that fiscal decentralization can only be meaningful if well guided in planning and executing local governments' budgets, the Ministry of Local Government and Rural Development publishes a Guidebook on Local Government System every five years in Malawi, which includes clear guidelines on the same. The guidelines emphasize the need for participatory processes in the spirit of a bottom-up approach (from community-level going upwards to the ADCs, DEC, and council).

The planning and budgeting processes start with village action planning, whereby VAPs are produced at the community level. Through VAPs, community members define their most urgent development needs, prioritize them, and suggest solutions. These are then submitted to the council, triangulating with the Socio-Economic Profiles (SEPs) before inclusion in the local development plans known as either District Development Plans or Urban Development Plans. It is envisaged that such plans should be viewed as the overall/overarching Blueprint master plan for all development projects in a Local Government Area. This means that all development agencies, including NGOs and donors, must consult the councils to identify and implement (from the Local

#### **Box 4.2: Likoma District: Projects Implemented without District Development Plan in the 2017/18 Fiscal Year.**

“Guidelines for the utilization of Development Budget requires that the criteria for selecting the projects to be considered for financing have bearing on the District Development Plans and Annual Investment Plans. These projects have been justified on their economic, social, technical, financial and institutional feasibility. In addition, these projects have been designed to contribute to the national goals, objectives and priorities as required in the Malawi

Growth and Development Strategy II (MGDS II). An inspection of payment vouchers and the District Development Plan revealed that between July 2017 and June 2018, Projects worth K94, 343,524.00 were implemented but were not extracted from the District Development Plan”.

**Source: The National Audit Office; Report of the Auditor General on the Compliance Audit of Local Councils, Financial Year Ended 30th June, 2018**

Development Plans) only those projects that address people’s priority needs (MoLGRD, 2019).

It is recognized that fiscal decentralization could realize sub-optimal outcomes or even fail when local governments simply act as spending agents of the central governments and are not fiscally autonomous (Dada, 2015). An analysis of fiscal decentralization and social services in Nigeria showed that improved autonomy of state governments and reduced dependence on transfers from the centre positively impacted social service delivery. Its success lies in empowering locally elected leaders at the lowest level of government, such as Councillors, with responsibilities to promote socially and economically valuable activities.

With the advent of COVID-19, it is expected that the Councillors are also monitoring the use of the COVID-19 resources that are being disbursed to the local councils for management of the pandemic. However, the effectiveness of the Councillors in this specific undertaking is yet to be established.

Another success factor of fiscal decentralization, as stated by Dada (2015), lies in defining decentralized systems of planning, financing and management that reinforce accountability relations between leaders and their constituents. During field consultations, it was reported that such planning processes were being followed, though somehow the opposite was true when it came to implementation. A typical representative expression: *“...implementation of the plan is top-down due to their unwillingness to be transparent, and they start implementing their own plans first without considering what is in the plans”*. Councillors expressed frustration that

planning and choice on priorities are dictated from the top rather than a bottom-up approach. It was clear that there is a disjoint between priority needs and what is implemented. An example is a case of Likoma above in **Box 4.2**.

Unfortunately, the responsible offices were reported not visiting the projects sites for monitoring. This could also mean there is no verification or matching priorities with what is being implemented. In addition, according to Dada (2015) success of fiscal decentralization also lies in creating incentives and sanctions that promote nationally valued objectives in respect of good governance and poverty reduction while not compromising the primary downwards accountability. From the preceding discussion on success factors for fiscal decentralization in Malawi, there is no unified purpose; there are challenges with governance, human capacity, adherence to planning, financing and management. The Malawi 2063 represents an opportunity to provide such a unified vision ensuring the coordination of functions, functionaries, and finances to deliver on local priorities. Undertaken with integrity, this opportunity will be critical for building local capacity and accountability through participatory processes.

#### **4.4.1 Institutional Framework for Managing Malawi’s Fiscal Decentralization**

The Malawi Constitution Chapter XIV, Section 149, 2 (c) establishes the National Local Government Finance Committee (NLGFC) with powers to receive submissions from every local government authority regarding estimates of expenditure and requests for special disbursements. The NLGFC provides

guidance relating to fiscal decentralization through prescribing and allowing the local governments to keep some proportion of the revenues collected. It also provides guidance regarding the distribution of funds allocated to the local governments from the central government. It also ensures that a local government authority has adequate resources to execute local government functions properly.

The NLGFC powers stem from the provisions of the Decentralization Policy (1998) and Decentralization Act (1998), which explain that one of the functions of the local governments is to mobilize resources within and outside the district. The four major sources of local government revenues are a) locally generated revenues, b) ceded revenues, c) central government transfers, and d) NGO assistance,<sup>1</sup> Sources for the locally generated revenues are i) property rates, ii) ground rents, iii) fees and licenses, iv) commercial undertakings, and v) service charges. One not listed but reported during the assessment is contributions made by the communities in cash, labour, and resources such as hoes and buckets, among others.

To enhance the accountability of the above, the District Commissioners (DC) and Chief Executives (CEOs) of Urban Councils appointed Controlling Officers under the Public Finance Management Act (2003). Each council is allocated a vote in the National Budget (Votes 601 to 928 and Vote 121) for the NLGFC. In fiscal devolution, DCs and CEOs are required to appear before the Public Accounts Committee of Parliament to answer audit queries raised by the Auditor General (ibid).

The MNHDR assessment has revealed high vacancy rates in the Councils with many interim offers, which affect some functions such as the non-compliance

in the use of public resources (National Audit Office, 2018). Most of the audit findings are recurring, suggesting weak internal control measures across all the Councils. Failures by the Councils to account for the financial resources through non-accountability of cash, fuel and procured stores, implementation of activities without due consideration of the VAP or DDP. Inadequate skill capacity in financial management is a recipe for theft, corruption, and misuse of resources worsening the funding concerns to carry out projects. Nothing therefore improves, and those in dire need continue to suffer in their deprived state.

#### 4.4.2 Local Councils' Revenues Flows

Management of fiscal resources looks at the flow of central government transfers to the local governments and its locally generated revenues. The Ministry of Local Government and Rural Development (2016) and Ministry of Finance, Economic Planning and Development study of 2016 state that Central Government transfers are supposed to be five percent of National Net Revenues, but this is not realized. As stated by the MGDS II review, one of the reasons is that the fiscal decentralization process has only focused on the recurrent transaction budget and not the development budgets of the sectors. This means that local governments are operating at below capacity. **Table 4.1** above details local government resources as a share of the national budget.

Table 4.2 below has detailed for two fiscal years, namely 2016/17 and 2017/18 showing the sources of revenues and how these were utilized.

The Table shows that the major government trans-

**Table 4.1: Local Governments' Resources as a share of the Malawi National Budget**

| Item/ Year                                   | 2015/16           | 2016/17           | 2017/18           |
|--|-------------------|-------------------|-------------------|
| <b>Total Resources for all Councils (MK)</b> | 30,235,796,839.83 | 27,685,555,307.42 | 43,073,000,920.39 |
| <b>Total National Budget (MK)</b>            | 892,832,000,000   | 1,086,656,000,000 | 1,288,581,000,000 |
| <b>% share</b>                               | <b>3.39</b>       | <b>2.55</b>       | <b>3.34</b>       |

Source: National Local Government Finance Committee & Annual Economic Reports, 2017 and 2019.

1 However, the Decentralization Act (1998) does not make mention of NGO assistance.

**Table 4.2: Government Transfers and Locally Generated Revenues for All Councils: 2016- 18**

| District/ Local Government                 | 2017/ 18        |                  |                 | 2016/17         |                  |                 |
|--|-----------------|------------------|-----------------|-----------------|------------------|-----------------|
|  | Approved Budget | End Year Actuals | Utilization (%) | Approved Budget | End Year Actuals | Utilization (%) |
| <b>Government Transfers-National Level</b> |                 |                  |                 |                 |                  |                 |
| General Resource Fund                      | 2,600,294,655   | 2,317,678,547    | 89              | 2,476,468,240   | 2,143,587,792    | 87              |
| Development Fund                           | 6,648,418,937   | 4,319,341,170    | 65              | 3,299,999,998   | 2,818,150,888    | 85              |
| Sector Funds                               | 21,138,499,095  | 19,743,130,803   | 93              | 22,009,753,126  | 17,817,265,039   | 81              |
| Constituency Development Fund              | 4,578,273,367   | 4,126,755,206    | 90              | 3,474,000,000   | 3,152,100,002    | 91              |
| Infrastructure Development Fund            | 762,450,177     | 687,608,998      | 90              | 617,400,000     | 637,280,247      | 103             |
| Total Government Transfers                 | 35,727,936,232  | 31,194,514,724   | 87              | 31,877,621,364  | 26,568,383,969   | 83              |
| <b>Locally Generated Revenue</b>           |                 |                  |                 |                 |                  |                 |
| Central Government Property Rates          | 917,158,466     | 62,871,248       | 7               | 249,285,214     | 57,936,451       | 23              |
| Other Property Rates                       | 5,152,395,978   | 5,157,810,440    | 100             | 4,962,047,887   | 4,830,015,471    | 97              |
| Income from Market Establishments          | 2,871,005,519   | 1,914,556,566    | 67              | 2,469,074,824   | 1,798,099,022    | 73              |
| Fees and Service Charges                   | 4,329,564,718   | 3,870,449,125    | 89              | 2,549,101,275   | 2,591,675,734    | 102             |
| Licenses and Permits                       | 2,006,744,677   | 1,412,481,465    | 70              | 1,793,284,001   | 1,224,979,305    | 68              |
| Other Income                               | -               | -                |                 | 177,865,500     | -                | -               |
| Total Locally Generated Revenues           | 15,276,869,358  | 12,418,168,844   | 81              | 12,200,658,701  | 10,502,705,983   | 86              |
| Total Budget Resources                     | 51,004,805,590  | 43,612,683,568   | 86              | 44,078,280,065  | 37,071,089,952   | 84              |

Source: National Local Government Finance Committee

fers to the local governments are in sector funds. In the 2017/18 fiscal year, the sector funds accounted for about 62.5 percent (MK19.7 billion out of MK31.2 billion) of the total funds government transferred to all the councils. The District Development Fund (DDF) and Constituency Development Fund (CDF) come second to the sector funds. The structure of locally generated revenues shows that Other Property Rates rank the highest source of councils' revenues, followed by Fees and Service Charges. In the 2017/18 fiscal year, of the MK12.4 billion own locally generated revenues, about 42 percent (MK5.2 billion) of the council's own locally generated revenues

came from Other Property Rates while about 31 percent (MK3.9 billion) was mobilized from fees and service charges.

Table 4.2 also shows that both government funding and locally revenue resources targets fluctuate between 81 and 87 percent in terms of actual resource mobilization for budget implementation. This means there is room for improvement for central government transfers and the local government's own local revenue generation activities. In addition, Table 4.2 further shows that during the 2016 to 2018 fiscal years, the actual local councils own locally generated revenues accounted for about 28-

29 percent of the total resources available to the councils for budget activity implementation.

#### 4.4.3 How Revenue Levels and Flows affect Council Operations

In line with the above, consultations with District Executive Committees (DEC) corroborated on inadequate funding. It was also stated that support from NGOs, while useful and well appreciated, was inconsistent and not timely. The DEC also complained of delays in transferring local development funds and resources focused on new projects and not maintaining already built structures. The irregular holding of DEC meetings affects consistency in following up on action points from meetings and guidance on certain functions as well as ensuring program linkages; affected working ethics where people prioritized their businesses during working hours; professionalism was reported compromised manifested through lack of punctuality to work and attending of meetings; poor code of conduct among officers, demanding unjustified allowances when attending meetings or activities under their own job jurisdiction; and poor coordination and collaboration among the DEC members due to power relations.

Apart from financial resources, other equally critical resources mentioned unavailable to support monitoring and evaluation are vehicles and motorbikes for extension workers. DEC's lack of resources has meant that it relies on partners or NGOs operating in the districts. In this case, the DEC operates at the dictates of the NGOs and partners, thereby affecting the functioning of the DEC. In such cases, lack of discipline was particularly mentioned concerning these non-government employees incorporated in the DEC. As a result, some NGOs do not involve the DEC in implementing their projects in the districts; not submitting reports to the DEC; hide their budgets, making it difficult for the DEC to know the available resources for proper distribution of development projects in the districts. This affects quality, efficiency, and balanced distribution of projects in the districts. It also means that the implementation of activities with communities is not necessarily in

response to the local practical or strategic needs.

#### 4.4.4 Local Councils' Revenues Management: Dissecting the Rural and Urban Trends

A separate analysis of urban councils is undertaken to see how they are resourced. Annexes 10 and 11 present details of urban councils' revenue status. From **Annex 11**, the urban councils are fiscally independent of the centre, unlike their district counterparts. For the urban councils, there is no council whose locally generated revenues fall below the central transfers, even in highly inefficient councils. For example, Lilongwe city council, which in 2017/18 fiscal year managed to collect only 35 percent of its target, but the MK1.9 billion collected was still much higher than the MK 0.431 billion central transfers. On the other hand, the relatively efficient district councils such as Balaka, Dowa and Lilongwe, which registered revenue collections above 100 percent, their total annual locally generated revenues still fall far below the transfers from the Centre.

The urban councils, as reported in **Annex 11**, shows that Zomba and Blantyre City Councils' local revenue collection serves as a benchmark against which performance of the efficiency of all other urban councils could be judged. It has proved that despite the economic hardships the country is undergoing, it is possible to collect local revenue above the set targets, contrary to what is observed in the other urban councils. For example, Zomba City Council, in the fiscal years 2016/17 and 2017/18, respectively, collected 124 percent and 160 percent of what it had planned to collect. **Annex 11** further shows that Zomba City Council collected more than the Mzuzu City Council, despite the latter being bigger and having bigger targets. The Table also shows that of all the urban councils, Lilongwe City Council is the least such that for the 2016/17 and 2017/18 fiscal years, it had respectively, collected only 41 percent and 35 percent, of what it had planned to do.

It can also be observed from the Table that due to Blantyre City council's performance in local rev-

enue collection, the value of its actual collections exceeds those of the other six urban councils added together. In the 2016/17 fiscal year, all the other six councils added together collected only 58 percent of what Blantyre city had collected. There was some improvement in the 2017/18 fiscal year to 70 percent. This situation begs for questions on the incentive structure that can be put in place to promote the efficiency of the underperforming urban councils. It also calls for a dedicated inquiry into the reasons for the marked differences in the performance of the different local councils' revenue collection performances.

It is also important to note that even though Blantyre City Council is a good example of efficiency on local revenue collection, the National Audit Report (2018) indicates the Council had not collected MK2,946,747,797.86 in property rates. This means that for the 2017/18 fiscal year if one adds the MK 5,788,186,821 to the uncollected amount, the said city council had the potential of collecting a total of MK8,734,934,618.48. Thus, the MK5.8 billion collected in the 2017/18 fiscal year was simply 66 percent of the council's total potential. One theory explaining this is the lack of capacity in councils for revenue collection and poor leadership.

The above findings should not be surprising considering that they corroborate with those declarations by the Ministry of Local Government and Rural

#### **Box 4.3: Mzuzu City Council: Under Collection of Locally Generated Revenue**

"Local Government Act 1998 Section 44 (1) empowers Local Authorities to collect locally generated revenues in order to discharge their statutory mandate. Locally generated revenues are revenues that are generated by the Local Authorities from their own sources other than from Central Government and Development Partners. An examination of the approved budget and the revenue cashbooks revealed that the Council did not perform according to their budget. There was under-collected in revenue by K768, 323,069.00 (USD 1,065,635.32) representing a 46 percent."

**Source: The National Audit Office; Report of the Auditor General on the Compliance Audit of Local Councils, Financial Year Ended 30th June, 2018**

Development (2016) that all councils collect about 50 percent of their potential revenues.

As presented in **Box 4.3** with an excerpt from the 2017/18 National Audit Report testifies to the Ministry's assertion. The box above confirms that some local councils are having challenges meeting their own local revenue collection targets as established by the National Audit Office (2018) report. This is besides the fact even those that meet their targets are still not reaching their potentials, as established in the case of Blantyre City Council above.

#### **4.4.5 Fiscal Independence of Urban Local Councils**

Further interrogations into the fiscal independence of the urban councils are undertaken by computing the shares of the central government transfers and locally generated revenues to the total council revenues. This is done for each of the 7 urban councils. **Table 4.3** shows that even though the urban local governments are all fiscally independent of the central government, significant variations do exist within them regarding the level of the said autonomy. This is evidenced by the fact that for the 2017/18 fiscal year, the locally generated revenues range from 58 percent for Luchenza Municipal council to 88 percent for Blantyre City Council. If all the councils were to double their revenue collections, the share of the local revenues would substantially increase. But perhaps that would generate increased trust from the Centre hence more devolution of central government transfers.

Much as there is yet to be a detailed study on the impact of the COVID-19 pandemic and its attendant movement restrictions on the revenue collection levels of the local governments, it is expected that the said councils' revenues have been badly affected. This is so because the council revenues are collected from traders operating in the local council market centres, hence any disruption in the business activities by the traders should have direct implications for the council revenue collection levels.

**Table 4.3: Shares of Actual Government Transfers & Local Generated Revenue in the Urban Councils, 2016/17 and 2017/18**

|  | % Rev share 2017 /18 | % Rev share 2016 17 |
|--|----------------------|---------------------|
| Government transfers Kasungu Municipality          | 19.4                 | 19.4                |
| Local generated revenues Kasungu Municipality      | 80.6                 | 80.6                |
| Government transfers Luchenza Municipality Council | 42.1                 | 49.1                |
| Local generated revenues Luchenza Municipality     | 57.9                 | 50.9                |
| Government transfers Mangochi Town                 | 13.5                 | 33.7                |
| Local generated revenue Mangochi Town              | 86.5                 | 66.3                |
| Government transfers Blantyre City                 | 12.0                 | 12.0                |
| Local generated revenues Blantyre City             | 88.0                 | 88.0                |
| Government transfers Lilongwe City                 | 22.5                 | 20.1                |
| Local generated revenue Lilongwe City              | 77.5                 | 79.9                |
| Government transfers Mzuzu City                    | 29.2                 | 31.6                |
| Local generated revenue Mzuzu City                 | 70.8                 | 68.4                |
| Government transfers Zomba City                    | 21.2                 | 15.0                |
| Local generated revenue Zomba City                 | 78.8                 | 85.0                |

Source: NHDR team using data from National Local Government Finance Committee

## 4.5 Spatial and Sectoral Resource Allocation

The MGDS II review by the Ministry of Finance in 2016 indicates that allocation of funds to District Councils is done through a formula while allocation below the council level is discretionary. However, when cross-checked with the National Local Government Finance Committee, no formula was found. The budgeting process is simply following an increment to the base figures before fiscal devolution was implemented. When compiling this report, the NLGFC was working on coming up with a credible resource allocation formula on the same.

A sectoral budget analysis has been undertaken to establish the share of different sectors in the local government budgets to establish the priority sectors in terms of resource allocation. **Table 4.4** shows that the bulk of the local government resources consistently go to the education and health sectors and Constituency Development Fund. It is also evident that City Roads Rehabilitation, Housing, Devel-

opment and General Resource Fund have had significant variations in the funding levels over the past 3 years. Also important is that the agricultural sector has been getting between 3.4 percent and 5.1 percent of the local government budgets, which is below the Constituency Development Fund share of 9.5 percent. This means that despite the talk of the agriculture sector being the backbone of the national economy and one of the top three priority sectors at the national level, the same cannot be said of at the local government level.

On Constituency Development Fund, it was found during this assessment that MPs exercise more control over the resources implementing projects that are not necessarily in the VAP. Several uncompleted projects that MPs initiated were seen standing unused in several districts. Such projects are initiated without the involvement of the communities, and VDCs are told not to get involved. Consequently, very little development is done to improve the lives of local communities.

**Table 4.4: Sectoral budget allocations to Councils**

|                                 | 2015/16 | 2016/17 | 2017/18 |
|---------------------------------|---------|---------|---------|
| Agricultural Sector             | 4.71    | 5.10    | 3.39    |
| Education Sector                | 31.75   | 27.11   | 21.08   |
| Health Sector                   | 17.99   | 20.25   | 18.53   |
| General Resource Fund           | 17.20   | 5.50    | 6.04    |
| Constituency Development Fund   | 7.66    | 11.05   | 9.51    |
| Development                     | 0.00    | 11.46   | 10.71   |
| Infrastructure Development Fund | 2.21    | 0.00    | 1.77    |
| Housing                         | 0.24    | 7.02    | 0.37    |
| Trade                           | 0.24    | 0.59    | 0.35    |
| Water Sector                    | 0.40    | 0.50    | 0.44    |
| Gender                          | 1.09    | 1.17    | 0.98    |
| Environment                     | 0.47    | 2.50    | 0.34    |
| Forestry                        | 0.47    | 1.89    | 0.37    |
| Fisheries                       | 0.35    | 1.68    | 0.37    |
| OPC-NRB                         | 0.24    | 0.58    | 0.48    |
| Labor                           | 0.35    | 0.82    | 0.49    |
| Immigration                     | 0.21    | 1.05    | 0.47    |
| Irrigation                      | 0.32    | 0.76    | 0.49    |
| Youth and Sports                | 0.88    | 0.51    | 0.31    |
| Youth                           | 0.00    | 0.45    | 0.32    |
| City Roads Rehabilitation       | 13.23   | 0.00    | 23.22   |
| Total all Councils              | 100.00  | 100.00  | 100.00  |

#### 4.5.1 Local Governments' compliance with financial regulations

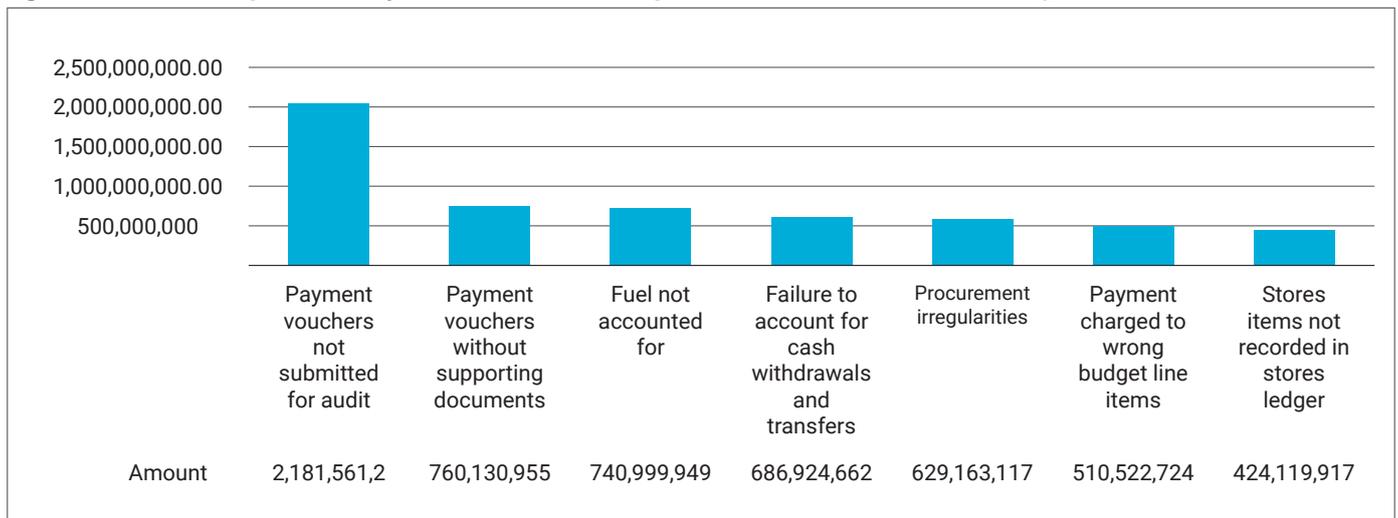
From the preceding discussions, it is evident that fiscal devolution in Malawi faces challenges of sub-optimal collection of locally generated revenues (i.e., failing to meet own annual revenue targets); failing to reach their potential in terms of local revenue collection; inadequate central government transfers. Besides, the National Audit Office (2018) report also refers to the non-compliance to the various laws, policies, and regulations by the local governments in the use of public resources (**Figure 4.1**)

From **Figure 4.1**, the highest financial management irregularity reported by auditors is that the local

government could not submit payment vouchers for audit, amounting to MK2.2 billion, followed by payment vouchers not supported by relevant documents. When one relates the financial statistics on non-compliance being reported in **Figure 4.1** and the total revenues collected by councils above, in 2018, the value of what councils are being accused of having abused is about 13.6 percent of total their council revenues, and above half of the total value of own locally generated revenues collected (**Box 4.4**). Again, the National Audit report confirms the national statistics presented below.

Since the local governments are facing challenges of their own resource under collection coupled

**Figure 4.1: Total Expenditure by Councils in non-compliance with various laws and regulations**



Source: The National Audit Office; Report of the Auditor General on the Compliance Audit of Local Councils, Financial Year Ended 30th June 2018

**Box 4.4: Machinga District Council: Under Banking of Revenue**

Local Authority accounting and Financial Management Procedures 2.1.2(c) requires that all monies collected from any source should be banked intact into the Local Authority’s bank account(s). An arithmetic test check on revenue collected through general receipts and cash deposited in the Council’s National Bank of Malawi Account number 1124347 excluding electron transfers (e-credits) and direct Cheque deposits for the period between July 2017 and March 2018 disclosed that the Council did not bank revenue amounting K1,722,678.90. There was no explanation as to how the unbanked cash was utilized by the Council.

Source: The National Audit Office; Report of the Auditor General on the Compliance Audit of Local Councils, Financial Year Ended 30th June, 2018

with the resource abuse, this brings the question of whether the national resources are safer in the local governments or not. The current fiscal behaviours of the local governments do not inspire confidence, and a lot needs to be done to improve the fiscal responsibility of local governments for the attainment of national development goals through local governments.

In fact, from the stakeholder consultations during fieldwork, it was established that some councils are coming up with financial management innovations

which, if supported with adequate political will, do provide hope for improved revenue generation. The case of Zomba City Council, as reported as **Box 4.5** testifies to this. A similar revenue collection innovation to Zomba City, as reported in **Box 4.5** was also reported by Blantyre City Council. In any case, such innovations need to be shared with other councils through a systematically established platform so that they also improve on their own local revenue collection endeavours.

**4.5.2 Criteria for Intergovernmental Transfers to Local Governments in Malawi**

According to Chhetry (2018) there is no clear modality regarding the intergovernmental fiscal transfer (IGFTs) around the world as the process is defined by the political, social and economic situation of the country. In any case, globally, the IGFTs are driven by six main objectives, namely: i) to fill the vertical fiscal gap (i.e. the difference between expenditure and revenue from own sources in various layers of government) ii) to provide a solution for the fiscal disparities with the help of equalization transfer, iii) to set national minimum standards, iv) to provide compensation for the spillover benefits, v) to influence local priorities and vi) to make negotiations towards the less infrastructure development and to

#### **Box 4.5: Market fee collection fraud, electronic ticketing and role of market committees: Experiences from Zomba City Council markets.**

In June 2014 Zomba City main market center went without electricity for several weeks owing to an electric fault that had suddenly occurred. The market committee immediately brought this to the attention of the City Council which assured it of the necessary steps to be taken to rectify the problem as soon as possible.

However, days turned into weeks, weeks into months, and months into years without any action being taken, despite the market committee relentlessly reminding the Council of its promise. The market continued to operate without electricity. This convinced the market traders that their Council was not going to act on the matter unless extra pressure was put on them. Thus, sometime this year they decided to boycott payment of the daily market fees (buying tickets) for 14 days.

To their relief, in September 2019, the City Council eventually fixed the electricity problem, though it was just part of the entire market. This was followed by a memorandum of understanding (MoU) signed between the City Council and market committee, in October 2019. The MoU, amongst others, committed the Council to use the revenues collected from the market center to fix electricity in the remaining part of the market, and undertake some sanitation and hygiene improvement services, by 30<sup>th</sup> November, 2019.

With virtually no progress towards implementation of the MoU action points as time went by, the market committee suspected that this could be due to the fact that the City Council was not getting adequate revenues from the daily market collections. They particularly suspected that this could be due to fraud in the manual daily fee collection process. Therefore, the committee engaged the Council with a suggestion to introduce an electronic fee collection system to minimize revenue losses. The Council agreed to the committee's proposal, and the system was to be piloted at the Zomba City main market center. Based on the pilot success, the system was extended to all market centers within the city council. As such, the City Council was expected to collect about MK70.0 million in market fee revenues in 2019 which was perceived as an improvement. Sadly, according to the market committee, the Council does not want to attribute the introduction of this revenue collection innovation to the committee.

Source: NHDR team

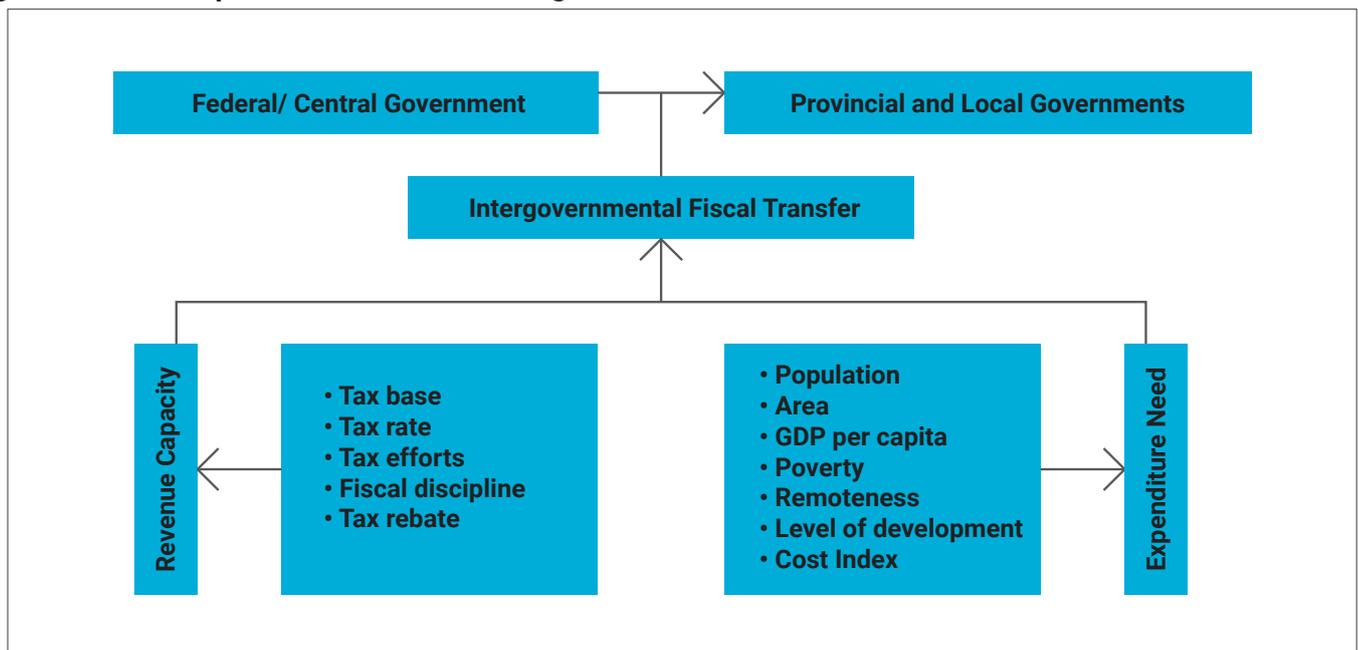
create macroeconomic stability in a poor area (Chhetry, 2018; Shah, 2006). It is, therefore, essential to investigate the frameworks that guide Malawi's IGFTs, the policy parameters, criteria in place, and how it relates to the international practice on the same.

#### **4.5.3 What Malawi can learn from International Frameworks**

Despite the unclear position from Malawi on formulae for intergovernmental fiscal transfers, literature shows that various countries have well-established formulae which are in use. According to Chhetry (2018) the conceptual framework for determining intergovernmental transfers could be viewed as **Figure 4.2**.

From **Figure 4.2**, it is evident that the determination of the actual amount that a province or local government is based on several variables. The expenditure needs side outlined in the conceptual framework mirrors the formulae for IGFT adopted by countries such as South Africa and Kenya. In South Africa, the IGFT formulae consider variables such as population, education based on the size of the school-age population and the average number of learners), health, institutional component (equal share amongst regions), poverty and economic output levels (Shah, 2006).

The complication comes when the decision-makers have to consider the weights to be assigned to each of the variables, which could be arbitrarily determined but informed by the policy objectives that the country wants to attain as it decides on some ideal intergovernmental transfer formulae. The debate and controversy over weights assigned to the decision variables are motivated by the realization that the weight assigned to a factor determines its revenue envelope; thus, the higher the weight attached to a population variable means the more the formula favours populous areas (Sichei, 2018). The same argument goes for weights assigned to all the variables, namely poverty levels, land size, equal share, and location. The share of **discretionary grant** is determined by **political decisions**.

**Figure 4.2: Conceptual Framework for intergovernmental fiscal transfer**

Source: Courtesy of Chhetry, 2018

#### 4.5.4 Guidance from the Constitution, national legal and policy provisions

Section 150 of The Malawi Constitution states that “The Government shall be under a duty to ensure that there is adequate provision of resources necessary for the proper exercise of local government functions and to this effect shall allow a local government authority to keep such proportion of the revenue collected by that authority as shall be prescribed by the National Local Government Finance Committee”. By emphasizing the adequate provision of resources necessary for the proper exercise of local government functions, the Malawi Constitution essentially adopts an expenditure needs approach to intergovernmental fiscal transfer to the local governments. Thus, it does not provide guidance on the specific formulae to be used in this transfer undertaking.

On the other hand, the Local Government Act of 1998 adds that “The distribution of Government grants to the Council shall be done by the Government upon the recommendation of the Local Government Finance Committee in accordance with a formula approved by the National Assembly”. This legal provision brings out two important issues:

first, it gives NLGFC the sole responsibility of coming up with the said formulae. Second, it requires that the National Assembly approve such formulae before being put to use by NLGFC. This means that by the end of the day, a transparent process is put in place for developing, approving, and using a simple, predictable and clear formula for the intergovernmental fiscal transfers in Malawi. If such a formula were in place, it would be used to disburse financial resources to fight the COVID-19 pandemic that has affected all the local governments in the country.

Further to the legal provisions on intergovernmental fiscal transfers, the Guidebook on Local Government System indicates that the local governments in Malawi are in total expected to get about 5 percent of the Net National Revenues. It is not clear how this 5 percent was arrived at, which is not being achieved. The guidelines further state that a formula for central governmental transfers to councils is in place. This means that such formula was developed and approved by the National Assembly as required by the Act as in **Box 4.6**.

However, despite this statement in the Local Government System Guidebook, discussions with the officials in the NLGFC indicated that no formulae

#### Box 4.6: Formulae for Central Government Transfers to Councils in Malawi

“Central Government has an obligation under the law to provide funding to Local Governments for service delivery. These transfers are expected to be 5 percent of the annual Net National Revenues. As part of this obligation, Central Government makes two types of transfers to Local Governments, namely: conditional grants and unconditional grants. In order to distribute these resources objectively, an Inter-Governmental Fiscal Transfer System (IGFTS) was developed. The System uses a formula that determine how much should be disbursed to Councils. The formulae use a number of demographic and development indicators such as, population size, literacy rates, mortality rates as poverty indicators and rurality etc. The formula is used to transfer ORT, Development and all Central Government transfers. The formula will be reviewed soon to take care of other emerging factors”

**Source: Guidebook on Local Government System, March 2019, p. 46.**

are being used now and that the office is making efforts to have a formula in place. If the formulae were in existence, the guidebook should have indicated what exactly it is, particularly the coefficients or weights assigned to the variables being referred to in **Box 4.6**. However, one gets the impression that the Malawi Government statement, as reported above, reflects the government’s recognition of the need for transparent central government transfers to local governments. This needs to be complemented by mechanisms for ensuring that resources are efficiently used. One way to achieve this is by rewarding district councils for prudent financial management and sanctions for the district councils that abuse resources. More importantly, there is a need to develop low-tier governance structures to perform checks and balances on the office bearers and service providers. These measures would help to ensure that resources are used to implement their district development plans.

## 4.6 Administrative decentralization

Administrative decentralization means the delegation of tasks or transfer of authority from central government to local “branches” of central gov-

ernment (OECD, 2004). However, according to Erk (2014), administrative decentralization is when local governments are empowered to hire, fire and set terms of reference for local employment without making any reference to higher-level governments, thereby making local officials accountable to elected officials. Thus, it can be assessed using indicators for freedom to hire, fire and set terms of reference for local government employment, freedom to contract out own responsibilities, forge public-private partnerships, and regulate local activities by passing by-laws.

For the local governments to effectively adapt to the preferences of the different constituents, they need to have the capacity to deliver the requisite services (Erk, 2014). Hence, it has been argued that decentralization does not always improve effective governance as the ultimate success of decentralization policies hinges on institutional capacity-building. In the same vein, Dada (2015) observes that studies have shown that Government accountability and allocative efficiency may not be achieved with decentralization when the scarcity of public sector administrative, financial and managerial capacity is more problematic at the lower levels of government.

### 4.6.1 Institutional Framework for Administrative decentralization in Malawi

Section 147 (4) of the Malawi Constitution established the Malawi Local Government Service Commission (LGSC) by stating that “There shall be a Local Government Service Commission, the composition, functions, powers and procedures of which shall be provided for by an Act of Parliament”. However, the Constitution does not provide the functions of the Local Government Service Commission, unlike the case of the National Local Government Finance Committee established in Section 149 with clearly outlined functions. Again, Section 147 (3) states that “There shall be, in respect of each local government authority, such **administrative personnel**, subordinate to local government officers<sup>2</sup>, as shall

<sup>2</sup> According to the Malawi Constitution “The offices of Local Government shall include mayors in cities and municipalities and local councillors in all areas and local government officers shall have such functions, powers and responsibilities as shall be laid down by an Act of Parliament”

be required to execute and administer the lawful resolutions and policies of those officers” LGSC is charged with the responsibility of recruiting the said local government administrative personnel.

In line with the decentralization process, LGSC has taken over the recruitment of local government personnel from the Civil Service Commission, Health Commission, and Teaching Service Commission. Based on discussions with the management of LGSC, complete decentralization of human resources from the Centre (for all government ministries and departments) to the local governments was implemented in October 2016. It was accompanied by devolution of the salaries from the Centre to the local governments at the same time. The human resource devolution also means that the responsibility of recruiting district council administrative personnel now shifts from the different Commissions to the Malawi Local Government Service Commission.

Following the human resource devolution policy, in October- December 2017, the Department of Human Resource Management (DHRM&D) conducted a total headcount of all officers in the Councils. The exercise revealed a 54 percent vacancy rate in the Councils and that most of the key positions at the Director Level were vacant. This affects the performance of the councils.

#### 4.6.2 Implications of Low Human Resource Capacity in Local Government Service delivery

Much as there has been a policy shift in the recruitment process for the local government personnel from different service commissions to LGSC, the recruitment procedure remains the same. The councils have to compile their human resource needs and submit them to the LGSC, which then seeks Treasury approval, and then proceeds to undertake the recruitment process. At this point, it is not clear whether this policy shift has brought about any efficiency implications in the recruitment process.

Further, the above reported prevalent case of non-compliance in the use of public resources, as reported by the National Audit Office (2018) report,

took place when the human resource devolution had taken place. Besides, the said audit report indicates that “**most of the audit findings are recurring** and management of the Councils should take accountability issues seriously as the audit disclosed the following internal control weaknesses which cut across all the Councils”. Given this, there is little basis for one to get the impression that the devolution of human resources could be said to have had positive implications for improvements in resource management.

Besides the failures by the Councils to account for the financial resources through non-accountability of cash, fuel and procured stores, the audit report further points to failures by some councils to implement activities without due consideration of their District Development Plans (DDP). This practice defeats the idea of having DDPs as developmental guiding frameworks for the district. USAID (2013) observed that although Government of Malawi decentralization efforts led to more funding and responsibilities being devolved to districts, decentralized governance structures are ineffective with little to no capacity. Hence as explained above, while the country has had successful administrative devolution, the same cannot be said of capacity building of the local government personnel. This leads to the question of sequencing between different aspects of decentralization, i.e., whether to wait to build local capacity before providing local governments with the autonomy to respond to local needs or to let local autonomy precede the creation of such capacity.

#### 4.7 Gender and Decentralization

The Local Government System in Malawi, in the Local Government and Rural Development Sector was examined to analyze how gender-responsive are the decentralization instruments. This explores the implication of lack of gender responsiveness and the effect on entrenched poverty and inequalities. The decentralization policy was developed to consolidate democracy and engineer participatory, bottom-up and people-centred development. It is a critical instrument in achieving decentralization

by assigning functions and responsibilities to the various government levels and promoting popular participation in the governance and development of the districts. Using the *Vietnam Gender Audit Manual* developed by UNICEF in 2011, the gender analysis has shown that the policy is gender blind as it does not disaggregate the needs of males and females. It lumps the needs of males and females under words such as people, communities, assembly, street children, orphans, and youth.

#### **4.7.1 Gender mainstreaming in the district focused development approach and systems**

The Guidebook on Local Government System in Malawi is gender blind, embracing a gender-neutral approach. The need to transform the lives of marginalized gender groups in local government and rural development is not articulated in establishing the governance structures. Gender is also not articulated in the development of village action plans and district development plans. Consequently, decentralization policy and guidebook fail to specifically address males and females practical and strategic gender needs in the Local Government structures.

The policy was not based on gender-sensitive baselines and targets and does not address issues of gender intersectionality. The implication is on meaningful engagement, decision making and fiscal decentralization for positive outcomes. Fiscal decentralization cannot be successful where the institutional gender capacity of local government structures is very low and not designed around male and female needs to address gender asymmetries. Consultations in preparation of this report, anecdotal notes and media reports show inadequate gender capacity, which has reduced the efficiency of government services, distorts the economy, and cause more severe imbalances between males and females in the districts. As a result, after 20 years of its implementation, decentralization has not been able to bring in a better economic condition in all priority sectors such as education, health and agriculture.

Gender mainstreaming has become an issue in the decentralization agenda, and it is recognized that a successful gender mainstreaming undertaking has implications on socio-economic inequality conditions. The perception that women cannot do certain tasks and should rely on men has affected education investment between a boy and a girl child in early ages of life and has impacted their participation, engagement, promotion, and appointments in adult life. During the consultations, some districts did not have women representatives at the Council level. Reasons for under-representation of women in the local government structures bordered around high illiteracy among women to take positions, society's norms regarding women as leaders, women's stereotypical roles in the home were restricting participation effectively in developmental activities, men's undermining attitude and an inferiority complex when faced by strong women making them fight to discourage such women or girls from being assertive.

It was, however, observed that women were the majority in volunteer committees than men. This corroborates the World Development Report (WDR) (2012) findings that compared with men, women control fewer political and economic resources, including traditional positions of authority. Acknowledging and incorporating these gender inequalities into decentralization is extremely important, both from a human rights perspective and the capacity to maximize impact and socioeconomic development. It is important to directly target the persistent constraints and obstacles to women's equality to enhance productivity and improve longer-term development outcomes. The scenario is also reflected in the labour market. According to the 2013 Malawi Labor Force Survey report, the employment rate is 79.6 percent (85.7 percent male versus 74.3 percent female). It was observed that in some Council Secretariats, there were no women among the directors. On the whole DEC, the only female would be someone incorporated by virtue of being a Gender Officer or would be a female Director of Health Services. Women dominate in less profitable occupation while men dominate in managerial and

professional occupations. For example, agriculture in Malawi remains less profitable due to low productivity and unreliable markets. Statistics show that the agriculture sector employs 64.1 percent (Government of Malawi, 2013) yet contributes 28 percent to GDP implying that 64.1 percent of labour input generates only 28 percent of national output (Government of Malawi, 2019b). Not surprising that poverty is high among women and in rural areas where the main occupation is agriculture.



Baby weighing in Mangochi District. Accountability at local government level helps in ensuring the provision of quality health services in the country's district hospitals and health centres.  
Photo credit: [www.DirectRelief.org](http://www.DirectRelief.org)

# CHAPTER FIVE: BUILDING LOCAL GOVERNANCE AND ACCOUNTABILITY MECHANISMS FOR SUSTAINABLE HUMAN DEVELOPMENT

Accountability in the design, implementation, monitoring and evaluation of human development interventions has been a central motivation and feature of the country's decentralization agenda. The process was much easier for those government departments and ministries that already had local level structures, than those only available at the national level. For the latter, the process entails a set of interrelated activities such as undertaking a needs assessment, creation of posts, approval of such posts by the Department of Human Resource Management and Ministry of Finance before recruitments can be effected and all these processes take time and require operational resources, thus contributing to the delay in effecting the decentralization process. However, even for those sectors that have decentralized, their accountability ideals are being frustrated by operational challenges relating to non-functional local government databanks, poor record-keeping, limited electronic and internet-based data management system, and limited capacity and resources earmarked for M&E activities.

The process of institutionalizing the decentralization process has resulted in citizens formulating their Village Action Plans (VAPs), which are consolidated into Area Action Plans (AAPs) and then District Development Plans (DDPs). Citizens and local councils have a clear preference for their own locally conceived and initiated development initiatives as elaborated in the said plans compared to the ones coming from the central government. Some of the projects from the centre sometimes do not address the key development constraints faced by the communities. However, most of the own locally initiated projects do get implemented

because of funding constraints. In addition, the citizens' development plans lack legal backing; hence development stakeholders, including the local duty bearers, are not obliged to abide by them when initiating and implementing development projects in the local communities. There is a dilemma about local plans reflecting local power structures unless they are inclusive by design and empower weak and oppressed voices in the community. There is also a dilemma about the imposition of priorities driven by an agenda to entrench the dominance of, and allegiance to, the political elite from the capital, rather than with sincere intentions to standardize access to quality services for all citizens.

The report also finds that the quest for accountability at the local government levels seems to create instances of unease working relationships between Ward Councillors and Members of Parliament in most local councils. This is particularly concerning the use and accountability for the Constituency Development Funds (CDFs). However, the analysis finds that the underlying cause relates to the limited capacity challenges by the concerned parties and the absence of a Constituency Development Plan. The limited capacity challenge is further linked to the low remuneration structure for holders of the Ward Councilor position, which pushes away secondary and tertiary school level graduates from participating in local council elections; thus, citizens of such caliber are rarely amongst the local council duty bearers. To counter this, a two-pronged approach is proposed, involving: (i) raising the conditions of service for the Councillors and (ii) having a deliberate policy of raising the education levels for those contesting in the elections for such offices.

## 5.0 Introduction

This chapter discusses the functionality and accountability of district and local governance and lower-tier structures in support of sustainable human development. The Chapter discusses their successes, challenges, and their implications on sustainable human development. It draws on the experiences of various stakeholders on the functionality of accountability systems focusing on the effectiveness of the monitoring and evaluation systems; issues and challenges associated with the decentralization process. It further interrogates the challenges with the decentralization process given the complex nature of the policy environment. These include capacity challenges, internal conflicts, inclusivity of the process; citizen voice in the local governance and accountability systems; complementarities in local governance and accountability capacity building services; efficiency of local governance structures in service delivery; and impacts and sustainability of the local governance structures' services.

### 5.1 Functionality and accountability of the local governance structures

The Guidebook on Local Government Services in Malawi provides the benefits and effects of decentralization. These benefits include a) improving service delivery to citizens and b) strengthening democracy at the grassroots level. In addition, the effects include i) quick decision making, ii) popular participation, iii) increase in public ownership of development projects, iv) sustainability, and v) accountability. However, the guidebook does not provide indicators for monitoring and evaluating the above benefits or effects of the decentralization process. In addition, though both the Local Government System and the District Development Planning System (DDPS) guidelines provide the functions of the local government structures such as ADCs, VDCs and AECs, none of them give the indicators on the functionality of these important structures. However, the DDPS simply provides indicators for the various socio-cultural and economic sectors, excluding the governance system.

These indicators are useful in the production of the district Socio-Economic Profiles (SEPs).

The DDPS provides the relevance of a monitoring and evaluation (M&E) system<sup>1</sup> that comprise process, tools, indicators, and data management information system to enable the district, communities, and other stakeholders to access accurate, timely and complete data to inform programming and decision-making. Since the primary function of an M&E system is to provide data to inform decision-making, learning of lessons and ensuring transparency and accountability, therefore, M&E system constitutes a critical component that has serious implications in determining the successful implementation of the activities under the DDPS.

#### 5.1.1 Policy & Strategic Frameworks guiding M&E systems for effective governance and accountability systems

A well-connected M&E system at both local and central levels is critical for delivering the decentralization agenda in Malawi. Among others, it ensures that programmes and projects at the local level are implemented in line with national policies<sup>2</sup> and in accordance with set plans and standards. In addition, as observed in the National Decentralization Policy (1998), line ministries are supposed to have direct links with local authorities, where an effective M&E system serves as an instrument to trace services delivery over professional and operational issues.

The Ministry of Finance (MF), in collaboration with the Ministry of Local Government (MoLG), developed a Road Map for Monitoring and Evaluation of the status of District Development and the implementation of development activities (GoM, 2005).<sup>3</sup> Under this initiative, District M&E

1 Monitoring is defined as a systematic and routine collection of information for collation and analysis for learning, timely decision-making, accountability and as basis for evaluation. On the other hand, evaluation is defined as a systematic and objective assessment of a completed project/ programme (or phase of an on-going project/ programme). Its main focus is on five main aspects: relevance, effectiveness, efficiency, impact and sustainability.

2 Refer to the Guidebook on Local Government System in Malawi (2019)

3 Government of Malawi (GoM) (2005). A Strategy for Capacity Development for Decentralisation in Malawi Report on Phase 1: Capacity Assessment. Ministry of Local Government and Rural Development in association with Malawi German Programme for Democracy and Decentralisation (MGPDD) and the Royal Norwegian Embassy (RNE).

### Box 5.1: Demand for Effective M&E System in One of the District Councils

During the interviews in one of the districts, Council members hold the view that the district is failing to register meaningful development because the council has no monitoring and evaluation system. This is compounded by the fact that the office of Internal Auditor is vacant. The absence of a reliable M& E system means that projects are done without proper monitoring of implementation progress, let alone evaluation of their impacts. In addition, revenue collected by the district council officials is also not accounted for such that no one knows how this money is collected and used. There has never been a report presented to the full Council on the issue.

According to a representative of the District health Service Committee and also a representative of the disabled, some months ago in one village some VDC members were found in possession of cement and other building materials meant for construction of school blocks long after the projected was finalized. Everyone who heard about this story including the DC was really shocked, wondering how the VDC had been left with extra building materials after the execution of the project! It is believed that if an effective M&E system was in place, such instances would not happen.

Source: NHDR team

officers are supposed to be posted into the Directorates of Planning and Development at the council level. Among other responsibilities, the officers are responsible for updating the Malawi Socio Economic database, integrating all monitoring data and updating SEPs.

In addition, all sectors were supposed to develop plans for the smooth implementation of the councils' devolved functions and ensure that these plans were implemented accordingly. The council M&E officers are expected to provide timely and consolidated data to the MDAs on implementation progress as they undertake their routine supervisory and M&E visits to councils. Sectors such as health, agriculture and education, for example, have their sectoral M&E systems at local government levels.

The District Development Plan (DDP) Monitoring and Evaluation System Master Plan is the primary framework for monitoring and evaluating the programmes/projects, strategies, and medium-term plans the council intends to execute. The

DDP M&E system is a powerful tool as it forms part of the district implementation, monitoring and evaluation framework. It is developed so that it allows all stakeholders to participate in the development of the district. The framework is based on the MGDS III, and it incorporates pillars of the Malawi Demographic Dividend Report (2016). This is why it is vital to ensure that DDPs and SEPs align with the country's medium-term strategies. However, this analysis can reveal weak linkages between districts M & E systems to the country's medium-term development strategy (MGDS III M&E System) and SDGs, except in districts where the Local Government and Accountability Project (LGAP) is being implemented<sup>4</sup>. In the LGAP districts, the DDPs and SEPs are updated and aligned to the MGDS and SDGs. Most of the SEPs and DDPs in such districts span from 2017-2022. This confirms the Government of Malawi (2005)<sup>5</sup> analysis that most local government plans are not directly related to national planning frameworks such as the MGDS. The limited knowledge of the country's development strategies and policies, such as the MGDS and SDGs by various stakeholders at the national and district levels, negatively affects the implementation of such strategies and policies. This limited knowledge of these strategies and policies increases as we move from the community through the districts to national levels. However, while some public officers at the district and community level expressed awareness of such strategies (including SDGs) and policies, they don't have full knowledge of their contents. This concurs with the recent evaluation of the Vision 2020, which revealed that limited knowledge of the Vision amongst the citizenry contributed to the non-implementation of the Vision. In this context, it will be critical to ensure that the outreach for the long-term vision of Malawi 2063 is well-publicized. Public policies need to be popularised for encouraging local ownership and enthusiasm if local governance structures are to deliver on them.

4 LGAP was implemented in 8 districts of Kasungu, Mzimba/M'belwa, Lilongwe, Machinga Phalombe, Blantyre Mulanje, Balaka and Thyolo.

5 A Strategy for Capacity Development for Decentralization in Malawi REPORT on Phase 1: Capacity Assessment

### 5.1.2 Status of M&E systems in the Local Governments

Consultations with local government stakeholders revealed that the weaknesses in the M&E system at the national level are damaging to the local governments, where weak and poorly coordinated M&E systems have minimal or no linkages with national M&E systems. This was particularly expressed by the local government stakeholders in Kasungu, Mzimba Mulanje and many other districts. However, the situation is somewhat different for sectors with their district-level sectoral M&E systems such as Health Management Information System (HMIS), Education Management Information System (EMIS) and Agricultural Production Estimates (APES). The availability of such sectoral M&E systems at the district/council level improves the availability of timely and quality data for monitoring progress in these sectors, even if a central-level local government system is weak or non-functional.

Furthermore, discussions with district-level departments and stakeholders on the specific weaknesses of their M&E systems revealed that most local government databanks are non-functional, coupled with a lack of internet-based data management system and poor record keeping. As such, in cases where some form of M&E system seems to be in place, it is largely based on paper-based records, prone to several risks such as fire and collapse of buildings. For instance, data on district-level indicators in Karonga were destroyed by a fire that gutted key offices during the May 21, 2019, post-election citizen demonstrations.

Several reasons were identified for low M&E capacities in most local governments. Firstly, it was revealed that in almost all the districts, data is lost or not available when the designated M&E officers are transferred to another district, as they use their personal computers with no institutional storage and backup system. Furthermore, most local governments do not have designated M&E officers, and where they are available, most of them are in an acting capacity while at the same time holding other positions. For instance, in some councils, the

Director of Planning and Development (DPD), HIV/AIDS Coordinator or Disaster Management Officer, doubled as acting M&E officers.

The absence of dedicated M&E Officers has serious implications on the implementation of the decentralization agenda. The major adverse effect is weak/limited coordination among departments and sectors in data harmonization and sharing. This results in weak reporting on key issues such as the state of revenue generation activities, which is also marred by transparency and accountability challenges with the potential to culminate into corruption<sup>6</sup>.

### 5.1.3 Local Government M&E support systems

Several stakeholders are involved in monitoring and evaluation of projects in the local governments. At the local government level, the DEC, various service committees and the whole council are the ones involved in monitoring and evaluation under the overall guidance of the M&E Officer and the Director of Development Planning (DPD). For instance, the DEC in one of the districts indicated that it has quarterly monitoring plans for checking the district's progress on attaining MGDS indicators in priority areas, such as education, which was reported to be registering good progress owing to various partners providing support to the sector. In addition, the finance service committees of the Councils are involved in monitoring revenue generation and resource allocation in the district.

Besides the public sector players, other key stakeholders involved in M&E of local government activities include non-governmental organizations (NGOs), community-based organizations (CSOs), faith-based organizations (FBO), the private sector and citizens on the ground. These stakeholders usually provide technical and financial support to the public players since one of the major challenges affecting M&E of projects within the district councils is a lack of financial resources. In fact, in most

<sup>6</sup> However, in districts where councillors are relatively more educated/literate and active, the story is different. In such districts, the M&E system tends to be functional, especially with respect to tracking revenue generation and utilization.

**Table 5.1: Council duty bearers' comparisons of own locally initiated and central government projects**

| District | Respondent Sex  | Some councils elected leaders' views on locally initiated vs those from Central Government   |
|----------|-----------------|--|
| Dowa     | Male            | People in Dowa find both sets of projects relevant. The only challenge with centrally implemented projects is that they take longer to be completed, for example, the Nambuma Rural Growth Centre.   |
| Rumphi   | Male            | The locally conceived projects are more addressing people needs. For example, in Rumphi we had a project where the government constructed telecenters in rural areas for the youths and people to access the internet and other services, but people do not see much importance.   |
| Luchenza | Male and Female | The relevant projects are locally conceived. For example, Luchenza Bus terminal was a centrally conceived idea. They constructed not what people wanted for a depot, and now, buses don't go inside because of poor design. People of Luchenza Municipal do not own this depot.  |
| Thyolo   | Female          | The locally conceived are good; because that's where the community people and the Councilor own the development; as most of the development is need-based; monitoring and supervision is done locally through the local structures, i.e. VDC. The centrally conceived projects are not needs-based and nowadays are only addressing the political needs of influential people. |
| Zomba    | Male            | Projects from the central government have a lot of challenges; they do not address real needs. Those locally conceived projects address the needs of the community. Further, decentralization is not yet practised. For example, the central government is building a bus depot and a market at the Thondwe area, but these were not the real needs for the area.              |

councils, it was stated that the public officers rely on resources from NGOs and other partners which are implementing various projects in the districts.

Technical support by the non-state actors is usually provided to implement the actions in their SEPs and DDPs for those councils with updated SEPs and DDPs. As stated above, the DDPs have well-articulated M&E systems that outline the processes for monitoring results, output, outcome and impact indicators. The non-state actors support the local councils to operationalize what is contained in the DDP M&E systems.

#### 5.1.4 Local economic development and investments for sustainable human development

Local economic development and investment are very critical for promoting sustainable human development through a district focused approach. Decentralization is aimed at bringing development closer to the people through the promotion of local economic development activities. However, for this

to be effectively realized, there is a need for effective and accountable (vertical and horizontal) district councils and local governance structures that can mobilize and motivate the citizenry to achieve sustainable human development. This analysis identifies some factors that form the bedrock for local economic development to promote sustainable human development. In addition, deliberate efforts were made to understand how the local government leaders view the central government initiatives concerning their local councils. Summary details are presented in **Table 5.1**:

The local government stakeholders' sentiments expressed in Table 5.1 confirm that while both the central government projects implemented in the councils are appreciated, the preference is towards their own locally initiated ones. In all councils, practical examples were given to demonstrate the irrelevance of central government projects.<sup>7</sup>

<sup>7</sup> No inquiry was made from the council chairs on the locally initiated projects that have failed to be successfully completed, due to other factors besides funding, if any. However, concerns over lack of funding for own conceived projects was largely collected from the FGDs with communities and is reported in sections below.

**Figure 5.1: Community Day Sec School in one of the remote districts**

An initiative of an ADC of the area and constructed with support of Action Aid in 2014

**Photo credit: NHDR team**

Unfortunately, according to the council chairs, most of their own locally initiated projects face funding constraints, unlike the national ones, which tend to be well funded, except a few.

In addition, access to finance is critical for promoting investments for local economic development. As earlier indicated, access to finance in Malawi is limited, particularly for rural communities. The most common prevalent forms of financial institutions are largely informal in the form of village savings and loans (VSLs) that vary in size (both membership and financial position) but play a critical role in enhancing access to finance. These VSLs can be upgraded to microfinance institutions while at the same time linking them to formal commercial banks and improving financial literacy of local community members.

Citizens' access to finance and improvements in infrastructure development such as roads and energy can attract private sector investments in value addition and processing. This would help create local industries with forward and backward linkages for job creation to promote local community development. However, this requires coordinated multi-stakeholder engagement where relevant local governance institutions are empowered to prioritise environmental management issues.

### 5.1.5 Citizens Voice on community-level M&E activities for accountability in development interventions

Besides interrogating the local government level M&E systems, the analysis also inquired into the operations of the M&E systems for community-level projects. The M&E activities at the community level are undertaken by the grassroots structures such as the VDCs, ADCs and even Councillors with the technical support of the AECs. Discussions with these grassroots structures revealed that most of their M&E activities are on their own locally initiated development projects as they are having challenges following up on the projects conceived and designed by the Central Government. For the latter set of projects, they do not feel confident enough to undertake meaningful follow-up interventions because they are not sure of the entry points, let alone the impacts of their M&E interventions. There is sometimes confusion in the local governments and grassroots structures regarding their roles in monitoring the progress on implementation progress for centrally planned and executed projects.

In addition, it was evident during the stakeholder consultations that both local government councils and the grassroots structures held the view that

locally initiated and planned projects tend to have more pronounced impacts on the communities than the ones planned from the Central Government such as the Farm Inputs Subsidy Program (FISP) or distribution of relief items during the time of disaster, just to mention but a few. Furthermore, comparative analyses of the impacts of two sets of projects were often given to augment the observation that locally originated projects are more responsive to the peoples' needs than their counterparts from the Central Government.

In any case, the arguments in favour of locally initiated projects simply confirm the need for more bottom-up approaches as a tool for promoting sustainable development.<sup>8</sup> Both the local government level stakeholders and grassroots structures gave a few reasons for the observed better effectiveness of the bottom-up projects compared to their centrally planned counterparts. Firstly, there was an argument that the participatory process of project identification provides an opportunity to implement critical project interventions that address the priority needs of the beneficiary communities. Secondly, the robust consultation processes involved in identifying the projects create community ownership of the said projects. Further to that, management of locally initiated projects also helps ensure transparency and accountability of the said projects, particularly in procurement and use of materials.

## 5.2 Factors constraining finalization of Malawi's decentralization process

Effective accountability of public services requires the presence of offices at the local government levels. While this is possible for different sectors, the same does not apply to a few who are yet to have a local presence. Therefore, it is imperative to assess the state of the decentralization process in relation to the promotion of accountability of governance institutions.

<sup>8</sup> Of course, the VDCs and ADCs in one of the districts acknowledged that some risks of having some local community leaders such as chiefs and Councillors hijacking the processes of identifying local projects by dictating to the communities the projects to be implemented do still exist. However, such instances are minimized with the presence of strong VDC and ADC structures.

According to O'Neil et al. (2014), some stakeholders in Malawi believe that nearly two decades after the government's commitment to democratic decentralization, the working of local government in Malawi was something of a 'black box'. Thus, most of the studies in Malawi seek to explain the setbacks to the decentralization process, identify the sectors that are yet to decentralize and recommend finalizing the decentralization process. However, most of such analyses do not further interrogate the real bottlenecks to the decentralization process by the remaining ministries, departments, and agencies. But, as it is shown below, the decentralization process has cost implications, which are rarely referred to in the previous analyses:

- a) Ministry of Local Government (MoLG), as a policy anchor for decentralization in Malawi, champions the decentralization of all ministries, departments, and agencies (MDAs). This is based on the Decentralization Policy, 1998 and Decentralization Act, 1998. Besides the Ministry, several stakeholders, including Development Partners and civil society organizations, have also called upon all MDAs to abide by the two frameworks. Such calls are echoed in several studies on decentralization in Malawi.
- b) The Office of President and Cabinet (OPC) does support the responsible Ministry by urging the MDAs that have not done so to act accordingly. In so doing, the OPC represents the national political will toward the decentralization process. Unfortunately, however, the OPC does not seem to go beyond that, especially dealing with the accompanying complexities that the concerned MDA face.
- c) The MDAs that have not yet decentralized need to undergo some processes to have structures at the council and even grassroots levels. Unlike those that already had structures at the council level before decentralization (hence had to surrender them to the decentralized system), these must undergo functional reviews to determine the requisite structures in the district and urban councils. The functional reviews can only be undertaken by the

Department of Human Resource Management and Department (DHRM&D), which is mandated to do that in Malawi. It acts upon requests from the MDAs.

- d) The Treasury, as usual, faces resource limitations to finance activities such as functional reviews; hence they are postponed. In addition, there are standing recruitment freezes in the Malawi civil service, except for replacements and special approvals for crucial positions in the education and health sectors, and sometimes the agriculture sector. The special approvals are usually granted based on strong justifications by the responsible ministry, department or agency, stating the positive national implications of such recruitments. At times, the Cabinet Committee on the Economy must approve such special recruitment requests.
- e) This means that the MDA that is yet to decentralize also must make strong special appeals to the Treasury justifying its request based on some expected positive national outcomes (e.g. growth, efficiency and equity) of such an investment. But this must be based on some empirical analysis, possibly an *ex-ante* assessment which, unfortunately, also needs resources from the same already constrained Treasury. The situation gets even complicated because there is yet to be an assessment to provide positive outcomes of decentralization by those MDAs that have already done so. This challenge could be circumvented by starting the decentralized recruitment process

with non-established positions, as has been the case with some departments such as HIV and AIDS and Disaster Risk Management. But for such departments, this was done with development partners' support, as part of broader support toward implementation of a sector policy, and not just to support decentralization objectives, as it were.

### 5.2.1 Inadequate capacity of local government duty bearers: driving factors

At the time of data collection for this report, Councils had conducted sensitization meetings of their elected office bearers following the May 2019 tripartite general elections. However, the same was not the case for the ADCs and VDCs, thus affecting their effectiveness. Inquiries into why most councils had not made efforts to build the capacities of the grassroots structures, most of them invariably attributed this to the constraints of the limited resources. In fact, in one district, the Director of Planning and Development (DPD) candidly reported that capacity building of the ADCs and VDCs was not among the council's priority concerns.

Besides, in some urban councils, a different set of reasons was given. It relates to the lack of knowledge by the Urban Executive Committees of such responsibilities. The response provided by one of the city councils sums this challenge: *"The Urban Executive Committee (UEC) needs capacity building because they do not even understand what a neighbourhood committee is and how it is linked to the ward committee; thus, so far in the City, there has never been one"*. Thus, according to the City Council management, there is limited understanding of the roles of the technical personnel at the council level concerning building the capacity of the different governance tiers.

The above responses bring to the fore the questions of demand and supply of the different tiers of the governance structures about their service delivery in Malawi. For instance, to what extent do the council level structures such as full Council and DEC need the services of these grass-root structures,

**Figure 5.2: Discussions with a VDC in TA Kachere, Dedza District in central Malawi, Nov 2019**



Photo credit: NHDR team

namely the ADCs, VDCs and AECs, for them to deliver on their mandates? To be more specific, one could ask if the local government political leaders, namely Councillors and MPs, would lose their seats in the next elections if they failed to work with the grassroots structures.

Indeed, the extent to which the local government level structures view the lower tier counterparts as being critical in their survival or service delivery will determine the formers' capacity building of the latter. They won't take necessary actions simply because the Guidebook to Local Government System says so. But, on the other hand, if the former views the latter as being central to their delivery of objectives, then this becomes a recipe for a situation that O'Neil, et al. (2014) would challenge the inability of government at different levels and encourage other local stakeholders (communities, civic society, funders, private firms) to cooperate in ways that effectively produce, use and sustain public goods. This shows that the current institutional arrangements remain flawed.

### 5.2.2 Internal conflicts amongst the duty bearers within local government structures

Consultations with the various local government stakeholders consistently pointed to conflicts between the local government decision-makers as having negative impacts on the development processes. For instance, KIIs with lower-tier structures revealed that due to the misunderstandings between the Ward Councillors and MPs, the two elected duty bearers tend to shy away from the ADC and VDC meetings in most localities. As a result, these lower tiers have difficulties ensuring their developmental needs are taken to the local government levels.

Consequently, it was noted that in some councils, the ADCs had devised ways of having direct contacts with the council headquarters to avoid losing out on development due to the tensions between the MPs and Councillors. In such cases, **three upward referral channels have emerged** for the grassroots

structures to present their issues to the district councils. First is through the Ward Councilor, and this is done by following up with him/ her at their residence to present issues to take to the district Council. Secondly, it could initiate contact through the Area Executive Committee members who are, in most cases, in regular contact with the district council officials, mostly the Director of Planning and Development. Thirdly, some ADC leaders simply go themselves and meet the DPDs at the councils to present their issues and make follow-ups with them.

In any case, the absence of the Councillors and MPs from the ADC and VDC meetings means that the grassroots structures are denied the opportunity to obtain feedback from the duty bearers and hold them accountable. Dulani (2003) raised concerns that other than the elections themselves, there do not appear to be any other effective mechanisms to influence citizen participation in politics at the local level in between elections. This was so because apart from elections, there seems to be no mechanisms or avenues to enable local people to check the performance of their elected local council representatives. This has meant that the Council members are shielded from popular pressure and influence, allowing most to put self-interest above their constituencies (Dulani, 2003). But with the availability of vibrant ADCs and VDCs in the localities, they would demand necessary accountability from the duty bearers if they attend such meetings. However, it was reported that the MPs and Councillors do attend such meetings in a few places. It was also reported that these political leaders only attend the ADC or VDC meetings only upon invitation of the Chiefs. The latter, when they invite these political leaders, they hasten to attend the meetings without fail.

But in this analysis, it has been established that the tensions between the MPs and Councillors are creating a vacuum in the management of community development initiatives which are now largely left in the hands of the VDCs and ADCs. In other words, these two offices of MP and Ward Councilor abrogate their responsibility of following

**Figure 5.3: An FGD with women in one of the Districts in Southern Malawi**



Photo credit: NHDR team

up on the ADCs and ADCs on how they are managing community development projects. As a result, the communities are not left at the mercy of these lower-tier structures, which sometimes may also act out of self-interests.

### 5.2.3 Inclusivity in the local government decision-making processes remains elusive

#### 5.2.3.1 Inclusivity in the agenda-setting process at the Local Government level

One way of assessing the effectiveness of the various local government institutions involved understanding the agenda-setting behaviour for their meetings. At the council headquarters level, the councils' agenda is set as stipulated in the Guidebook for Local Government System, i.e. from District Executive Committees through the Service Committees. However, for the DEC, it's the chairpersons that set the agenda. In some few councils, an NGO in the district also can influence a DEC meeting agenda to discuss issues related to what the NGO is doing in the council. It was reported that in some Councils, NGOs do call for DEC meetings if they have a presentation to make.

Interestingly, on the other hand, in some districts, the Council leadership indicated that *"not all NGOs participate in the DEC meeting. This is due to lack of a memorandum of understanding (MoU) between the CSOs and the DEC"*. As DEC, they are drafting the MoU between the DEC and the CSOs to which,

amongst others, is expected to address the issue of the spatial distribution of the NGO interventions in the district.

Notwithstanding the positive perspectives of the NGOs in the councils, a few concerns were still raised regarding their conduct and cooperation with the DEC. For instance, in some districts, the District management indicated that some NGOs don't fully cooperate with local government because they made ties with the central government.

At the community level, discussions with lower-tier governance structures invariably revealed that they have complete control over their meeting agenda setting within the governance structures, i.e., there is little external influence. The responses given to 'who sets the agenda of your meetings' ranged from the chairpersons in consultations with the chiefs, to the entire executive informed by what they have discussed in their respective villages. In some cases, the executive would decide the agenda after discussing with the sectoral committees such as civil protection committees (CPCs), community-based organizations (CBOs), etc.

#### 5.2.3.2 Inclusivity and citizen engagement in the agenda setting process at grassroots governance structures.

The question of inclusiveness of the governance structures was explored through inquiries on how the different gender groups participate in the VDC and related grass root institutions. It was noted that the representation of gender groups such as women and youth in the lower tier structures was in the form of three scenarios: a) women outnumbering men, b) equal representation of men and women, and c) men outnumbering women.

Amongst the localities and structures where women outnumber men were: Kalonga VDC under TA Kalonga in Salima district, Mbalame VDC in TA Mpama 2 Chiradzulu district, Muwale in TA Govati in Mwanza district, amongst others. For the VDCs with equal representation of males and females, some include Mchere, Manjombe, and Kumponda

**Table 5.2: Diversities in gender representation in the VDCs**

| District   | TA                       | VDC/<br>Village(s)                              | Sex  |        | Total | Additional VDC information  |
|--|--------------------------|---|------|--------|-------|---|
|  |                          |   | Male | Female |       |   |
| <i>A. VDCs with more women representation</i>          |                          |   |      |        |       |   |
| Salima   | Karonga                  | Karonga   | 3    | 16     | 19    | None  |
| Chiradzulu   | Mpama2                   | Mbalame   | 5    | 6      | 11    | All are farmers, one has a small business   |
| Mwanza   | Govati                   | Muwale  | 4    | 6      | 10    | None  |
| <i>B. VDCs with equal women and men representation</i> |                          |   |      |        |       |   |
| Blantyre   | Kapeni                   | Mchere,<br>Manjombe, and<br>Kumponda            | 11   | 11     | 22    | The committee also has other five interest groups, including women group representative, youth; disability; HIV and AIDS infected, and orphans. |
| Thyolo   | Luchenza<br>Municipality | Namazi<br>neighbourhood                         | 15   | 15     | 30    | None  |
| <i>C. VDCs with more men representation</i>            |                          |   |      |        |       |   |
| Neno   | Dambe                    | Ndoma;<br>Tsenjerani;<br>Haindi;<br>Chakhumbira | 17   | 7      | 24    | Within the females, two were elected as vice-chairperson and treasure   |
| Rumphi   | Mwankhunikira            | Chinyolo  | 13   | 12     | 25    | The chairperson is a lady   |
| Chikwawa   | Ndakwera                 | Ndakwera  | 8    | 7      | 15    | None  |

villages in TA Kapeni Blantyre district; Namazi neighbourhood committee in Luchenza Municipality and Chimaliro in Thyolo. In those with more men representation, some examples include Chinyolo in Rumphi and Ndakwera in Chikwawa (see Table 5.2).

As shown in **Table 5.2**, in the same spirit of inclusiveness, different gender and interest groups are represented in the VDCs structures. For example, according to the secretary of one of the VDCs, one of the districts in Southern Malawi, “in this committee there are also representatives of interest groups which include women groups’ representation, a disabled person representing people with disabilities; and a businessperson representing traders. The secretary for this committee is a government extension worker”. VDC representatives made similar statements in different parts of the country. However, as stated above, discussions with the youths and the disabled in most parts of the country revealed that these gender groups are most localities are either underrepresented or not included in the key decision-making processes.

Further to gender representations in the local structure decision-making systems, the FGDs with local communities also focused on the extent of the communities’ participation in the formulation of their local development agenda, namely the Village Action Plans (VAPs). The summary responses are provided in Box 5.2 below.

Almost all VDCs abide by the guidelines, which require the committees to report to the relevant Group Village Headmen (GVH) on the discussions and activities of the committee. But it was learnt that many VDCs also realize that chiefs have some unique social capital to mobilize communities, including warring political parties to a single meeting.

In few villages, some Village Headmen reported that even the Group Village Headmen attend the VDC meetings in person as observers. In such cases, the VDC leadership does not need to make briefings to the traditional leaders. Thus, an inquiry was made into why some traditional leaders are interested in attending the VDC meetings; the responses revealed that this is because of two reasons. Firstly, it was

### Box 5.2: Examples of community participation in the VAPs formulation

‘We are aware of the VAP and the chiefs convene a community meeting where the chiefs, the community and the VDC discuss and draft a Village Action Plan. In the most recent VAP, the community identified water accessibility and poor harvests as main concerns and they proposed the need for more boreholes and agricultural extension workers. These VAP was sent to the ADC and the community are still waiting for feedback’ – male FGD, in one district in the Northern Region.

‘The community has taken part in the drafting of their VAP. The chief gathers the community and the VDC and they discuss what needs to be included in the VAP’ - Female FGD, in one district in the Northern Region.

‘Our Village Action Plan dates back to 2015. We proposed of the need for maintenance and drilling of new boreholes, proposal for Community Day Secondary School, afforestation, irrigation, ECD centers etc. It is taken to ADC for incorporation with other VAPs from other GVHs and later the ADC

reported that they are just used to doing so since in the early years when the concept of VDC and ADC was introduced, they were part of the structures and held leadership positions. Secondly, and in relation to the foregoing, some traditional leaders are afraid that the VDC members would allocate the development projects far away from the localities of interest to them, hence their presence to comment on such issues in the event they arise.

## 5.3 Citizen voice in the local governance and accountability systems

### 5.3.1 Citizens voice on the effectiveness of their local governance structures

Understandably, the decisions, actions and non-actions of all the local government structures affect the communities in one way or the other. Hence, in this analysis, it was imperative to inquire about the communities’ voices regarding how they are being affected by each of them. Specifically, this involved an inquiry on how the decisions by the VDCs and how such decisions are directly affecting them.<sup>9</sup> The responses obtained are summarized into Box 5.3,

<sup>9</sup> It must be recognized that for most communities, it is problematic for them to distinguish between the council level structures decisions from those of the central government.

sends it to the DEC’. - Female FGD, in one district in the Central Region.

‘We just hear about it, but they don’t really know anything about it’. Male FGD in one district in the Southern Region ‘The community participate in the VAP, but the challenge is that the main outcomes are not clear from the council. People just work without results. Male FGD in one district in the Southern Region.

‘We are aware of VAP and is defined it as a list projects that the community needs to be implemented in the area. VDC members and village chief call for a meeting where the communities identify their needs. VDCs compile a list of projects that have been identified and write a report which is submitted to ADC. However, we do not get feedback on time. And during project implementation, communities participate by mobilizing resources such as sand and bricks. Male FGD in one district in the Southern Region.

Source: NHDR team

below which shows that the community responses can be categorized into three groups, namely: a) not being sure/ knowledge of what the VDCs do or the decisions they make; b) having knowledge of what the VDCs do but being quick to point out their weaknesses, and c) having clear knowledge of what the VDCs do with a deep sense of appreciation of their roles.

In the communities where the FGDs indicated to have had a lack of knowledge of the roles of VDCs in development, they would instead point out the local sectoral committees which they knew and the specific outputs associated with them. Instead of sectoral committees, they would recognize the development facilitation role of the front-line extension workers in those sectors. For instance, one female FGD member from Northern Malawi, while denying knowledge of the role of the VDCs, simply recognized the prominent roles of health and agriculture extension workers in their locality.

The acknowledgement of the roles of the VDCs and their challenges, as pointed out by a female FGD in one district in the Southern Region and another male FGD in the same region, testify to the

### Box 5.3: Community responses on effectiveness of VDCs in their localities

#### Not sure of importance and effectiveness of VDCs

'We are not sure of the importance of the VDC in the area. But we are more aware of extension workers and HSAs than the VDC when it came to health and agricultural issues'- Female FGD in one district in the Northern Region. November 2019

#### Understand the effectiveness of the VDC and are concerned with its weaknesses

'We understand the roles of VDC. However, here the VDC is weak because it is mostly influenced by the chiefs and politicians in their operations'. - Female FGD in one district in the Southern Region. November 2019.

'The VDC is seen as weak in areas like decision making and communication. Instead of asking the community about their needs, they just make their own decisions and present them to the ADC, they end up bringing development that is not relevant to the community'- male FGD in one district in the Southern Region. November 2019

#### Have clear understanding of the VDCs effectiveness

'The VDC plays important roles in the village because some of the project that have been implemented in the area are due to the role of VDC' - Male FGD in one district in the Southern Region, November 2019.

'Yes! I am spearheading child protection, mother groups, community policing, prevention and termination of early child marriages in this area in conjunction with PTA, SMC and Pastors Fraternal'. - Female FGD in one district in the Central Region. November 2019

Source: NHDR team

communities' abilities to assess the effectiveness of these lower-tier structures. The same can also be said concerning the commendation of the VDCs reported to be doing well in facilitating development in their localities. In any case, the predominant position of the local communities is that they acknowledge the existence, roles and usefulness of the VDC structures. This explains why in some localities the communities have put in place new VDC members, whereas, in others, they have made minimal changes to the said committees.

## 5.3.2 Citizens innovations for socio-cultural development

Further interrogations on the effectiveness of the VDCs revealed several village-level policy innovations initiated by these structures but implemented by the traditional leaders (chiefs). These innovations mainly were related to socio-cultural issues but very minimal, if any, on the economic front.

The socio-cultural issues in question range from addressing the marginalization of widows and orphans and banning some extreme *lobola* practices in the North to containing teenage pregnancies by punishing a girl's parents (with a fine) in the event their daughter gets pregnant in the South. From fighting maternal mortality rates by punishing women who give birth at home to improving sanitation and hygiene by imposing a fine of a goat on a household with no pit latrine, bathroom, and the rubbish pit in the Center. Details of the community responses on this are summarized in Box 5.4.

An inquiry into why there are minimal interventions on economic issues revealed that economic matters are susceptible to generating misunderstandings compared to social and cultural issues. For instance, an attempt to organise the communities into some agricultural marketing endeavour could easily be misinterpreted as a strategy for swindling the farmers in the event of the market deal not working out as expected. As such, the VDCs leave such issues to the relevant entities such as cooperatives of farmer associations that have been well trained to handle such matters.

## 5.4 Stakeholder complementarities in local governance and accountability capacity building services

The Guidebook on Local Government System in Malawi indicates that the responsibility for training the district governance structures rests with the District Executive Committee (DEC) members. As stated earlier, at the time of data collection for this report in November 2019, most districts had conducted trainings of the newly elected Councillors,

#### **Box 5.4: How community by-laws help contain school dropout rates in Ntcheu district**

Mr. Banda (not real name) is a member of the community policing forum in his village under TA Kwataine in Ntcheu district, and also a member of the security executive committee (SEC). The SEC is a committee comprising police and representative members of community policing forums in the district. One day at the SEC meeting, in early 2019, a concern about a lot of school age children not going to school was raised. Of particular concern was that during school time, some school going children could be seen in the fields, doing domestic work at home or engaging in some income generating activities at the marketplaces, amongst others.

After the debating over the issue, the SEC made a resolution that all school aged children should not be allowed to enter markets during school time but be chased to schools. This resolution was communicated to all TAs who then endorsed it as a by-law. It was to be implemented through the community policing forums.

After some days, Mr. Banda decided to go to one market center in TA Makwangwala while under disguise, to see if what had been agreed upon at the SEC meeting was being implemented. He found community policing forum members wearing reflectors chasing school aged children and denying them access to the market area. Pretending as if not aware of what was happening, he inquired from some parents within the market what was going on. They replied, with a sense of appreciation, narrating what the community policing forum members were doing to ensure that no school age child in the area was found at the market area on a school day. This was confirmed by the chairman of the community policing forum of the area.

**Source: NHDR team**

i.e., the full Councils and their Service Committees. This was largely done with government resources. However, very few of the DECAs had done the same to the grass-root level structures such as ADCs and VDCs, though this is also one of their functions stated in the said Local Government System guidebook.

On the other hand, a few NGOs are playing critical though not systemic roles of assisting DECAs in capacity building for ADCs and VDCs. This is so because the NGOs tend to work in selected TAs within districts, and that is where they assist in the capacity building of said governance structures.

This role of the NGOs was also reported in a study by Chawezi (2010), who found that a variety of NSAs do provide very useful training to the VDCs and ADCs in areas such as democracy, human rights, gender awareness, women's and farmers' rights, community participation and advocacy.

There is no NGO that directly assists in the capacity building of the district level structures in most councils. The understanding is that this is being the district level, possibly it was assumed that the DEC was taking care of that. But the fact that the district and grassroots level structures are taught at different times and by different stakeholders could be a recipe for differences in understanding the same governance system. It should be possible and more accessible for the council level duty bearers to attend the training sessions for the grassroots structures to gain the same level of understanding. But in most cases, these council level duty bearers do not do so for several reasons: they are not informed, or because they would demand allowances that the NGOs may not provide, or because they find it unnecessary.

An equally important knowledge gap in the entire local governance capacity building initiatives relates to the communities - who are the paramount players in the entire process - tending to be left out, largely owing to resource constraints by the service providers (whether government or NGOs). Some NGOs attempt to address the citizens' knowledge gap challenge, but this is not large-scale. In any case, the resulting information asymmetries between the communities, who are voters and trained duty bearers at all levels, resulting in differences in knowledge and expectations on how best to approach and deal with developmental issues.

It was apparent from the key informant interviews during data collection that communities have high expectations from the new duty bearers based on their promises before assuming the various offices. However, these new duty bearers, having been oriented on the institutional context for their operations and their roles, are now aware of their limitations. Unfortunately, for them to go back to

their base (communities) and explain their newly acquired understanding of what they deliver and what they cannot is tantamount to backtracking on their promises. Therefore, the question is, who will explain to the masses in the communities on functions of the different duty bearers so that they are not given false expectations? It would take an effective communications approach to align the growing expectations with the scope of change envisaged through the locally elected officers.

## 5.5 Impacts and Sustainability of Local Governance Structures' Services

Further on functionality and accountability of local government structures, challenges of the decentralization process, inclusivity, stakeholder collaboration in capacity building, efficiency of the different players, attempts were also made to establish the impacts and sustainability of these structures.

Stakeholder responses on such issues generated diverse responses, which can be classified into three main themes on how councils can register meaningful and sustainable impacts. These relate to: i) the need for adequate operational support and motivation to the local government duty bearers; ii) educational qualifications of local government elected duty bearers. The need for a reconsideration of the educational qualification of elected duty bearers is motivated by (a) ability to strengthen the accountability of the local government duty bearers; (b) minimizing conflicts between duty bearers; and (c) inducing the educated citizens to take leadership in localities, amongst others.

### 5.5.1 Operational support and motivation to the local government office bearers

Consultations with stakeholders during data collection also revealed one of the reasons the council level structures are not able to effectively deliver on their obligations related to operational capacities. More specifically, discussions with national stakeholders such as Malawi Local Government Association (MALGA) management underscored that one of the drivers of lowly qualified

Councillors is the low education requirements for candidates and the low conditions of service associated with the said office.

The current remuneration structure for the Councillors does not attract qualified citizens, whether domiciled in the rural and urban centres, to stand for the position of Councillors. Thus, most of those elected to the office of Councillors are citizens with no qualifications, hence scrutinising the national and district policies and programmes is challenging. This situation naturally calls for a reconsideration of the concerns raised by the Councillors and stakeholders on the issue.

Since the 21<sup>st</sup> May 2019 tripartite elections, the local press has reported twice about the Councillors demanding improved conditions. The first time the press reported about the issue was in September 2019. The second time was on 30<sup>th</sup> December 2019. This serves to demonstrate how the Councillors are concerned about the issue. The reported persistent demands from the Councillors are in response to the adjustments in operations costs in 2019 in relation to 2014 when they were last adjusted. In addition, though not overtly stated, they could also be motivated by the fact that the newly elected MPs from the same May 2019 election have successfully demanded changes to their conditions. Since they recur now and then, such situations call for systematic proper policy direction in the way the conditions of service for duty bearers are handled and adjusted. It would be a far-fetched idea to suggest that all the office bearers elected during a single tripartite election must have their conditions of service determined through some formulae defined in a legal framework that provides conditions of service for the President, MPs and Councillors. A standardized, rational policy approach needs to be developed to address such demands.

### 5.5.2 Educational qualifications of leaders of the district duty bearers

The Local Government System Guidebook (pages 52-53) provides 10 requirements for any Malawian offering his/ her candidature for Councillorship.

These include being aged 21 years and able to read and write English. During the consultations, concerns were raised on the simple requirement of the ability to read and write English. The simplicity of educational qualifications was for not only Councillors but also governance structures such as ADC and VDC chairpersons. Therefore, a minimum educational requirement of Malawi School Certificate of Examination (MSCE) qualifications was proposed for all the above three structures. Interestingly such suggestions were particularly expressed by current ADC and VDC committee chairpersons in some districts across the three regions. Three main reasons were put forward for raising the educational bar of the governance leaders: to enhance understanding of issues by duty bearers, to minimize ignorance induced conflicts between the different duty bearers, and to encourage the educated youth and even retirees to take leadership of the localities. The details for each of the reasons are given in the sections below.

### 5.5.3 Strengthening accountability of the local governments

It was argued that higher educational qualifications of the duty bearers would ensure that holders of such offices have the requisite understanding of the key developmental issues presented to them from the Government (all official Malawi Government communication is in English). They should effectively enhance accountability in the local government governance system through informed contributions to the debates on issues at any level rather than simply accept anything presented to them. This means that educated and well-informed duty bearers in all the relevant structures would enhance transparency and accountability in the district and local area governance system.

Interestingly such suggestions were particularly expressed by current ADC and VDC committee chairpersons in some districts across the three regions. Three main reasons were put forward for raising the educational bar of the governance leaders, namely: i) need to enhance understanding of issues by duty bearers, ii) to minimize ignorance

induced conflicts between the different duty bearers, and iii) to encourage the educated youth and even retirees to take leadership of the localities. Box 5.5 provides an example of how the education levels of an ADC chairperson had helped contain corruption in one district in the North.

In addition, as stipulated by the Malawi Constitution section 147 (3), the local government duty bearers are empowered to supervise technical officers at the council level, stating that: *“There shall be, in respect of each local government authority, such*

#### Box 5.5: Outcomes of an ADC chair following up with Central Government on programme implementation malpractices: The Malata subsidy in Chitipa District

The Malata subsidy program is a program designed to help poor citizens own decent and affordable houses, this is through the ministry of lands and housing. Though in other areas like Kameme in Chitipa, the program had no challenges, the problem was in the area of TA Mwaulambia area.

The Area Development Committee for Chitipa Central (TA Mwaulambia area) noticed that each year, there a variation between the number of the malata (iron sheets) that were supposed to be supplied to the area for the decent and affordable houses, and what actually provided. The amount was being reduced with each passing year. Concerned and alarmed with this development, some in 2018, the ADC decided to follow up the issue with the District Council. To the amazement of the ADC, the District council had no clear answers to these concerns and questions. It decided to wait for some time before making subsequent follow ups but still there was still no clear explanation regarding the reported shortages. The ADC then took a further step of writing an email to the responsible Ministry of Lands and Housing, informing them about this development with no answers. Upon receipt of this email, the responsible Ministry consulted the DC on the issue. It turned out that some officers from both Chitipa DCs of office and Ministry of Land and Housing had connived to be stealing the programme items for Chitipa Central. The Government moved to have the concerned officers suspended from work as it was making investigations into what actually happened. The ADC’s initiative to follow up with the Central Government was due to high literacy levels of the ADC leadership!

Source: NHDR team

*administrative personnel, subordinate to local government officers, as shall be required to execute and administer the lawful resolutions and policies of those officers*". This constitutional provision envisages that the council administrative personnel shall be entirely subordinate and accountable to the local government authorities. It does not provide latitude for dual accountability to include central government machinery. Much as there is nothing wrong with this constitutional provision, it *raises* the practical question that is how a person with unknown qualifications, holding the office of a counsellor, would make policy decisions and supervise a District Commissioner or Chief Executive Officer and other technical personnel with a university degree let alone with post-graduate degrees (ADC chairperson, TA Mwaumbi, Chitipa District, personal communication). Who essentially is supposed to lead who? What needs to be established in this regard is that while the policy directives and leadership may be assigned at different levels of governance, the answerability and accountability for the performance of service delivery should be affirmed at the local level, establishing democratic accountability for sustainable development.

Currently, since the top management positions of the local governments, namely the District Commissioners and Chief Executive Officers, are being appointed by the central government, they are accountable to the central government machinery in many ways. This duality in upward accountability of local government personnel should be supplemented with efforts to strengthen downward answerability, as it has two main advantages. First, upward accountability ensures that the local government's policies and programmes are aligned to the national policy direction. Second, it provides an opportunity for the local government staff to get technical support and advice from the Centre which they can obtain from their superiors who are Councillors. Obviously, notwithstanding compelling reasons, the fact remains that the constitutionality of the current administrative arrangement brings into discussion the questions of answerability and democratic accountability. Going forward, there is a

need to either amend the Constitution to formalize the dual accountability of the local government personnel to distinguish its technical leadership from its performance accountability, and/or raise the capacity and educational levels of the duty bearers to match the technical personnel they are to supervise.

#### **5.5.4 Minimizing conflicts amongst duty bearers and promoting a shared vision of opportunities**

Well informed and educated duty bearers are less likely to engage in conflicts or have undue tensions such as the one that currently exists amongst MPs and Councillors on the one hand, and MPs and Councillors and ADCs and VDCs on the other. The argument for a reduction in tensions amongst the duty bearers emanating from ignorance is because the councils have different funding sources, discussions with most Councillors focused on the Constituency Development Fund (CDF), which is managed by MPs. However, the analysis finds that the lack of a Constituency Development Plan makes it challenging to ascertain whether the funds are used to finance priority development needs of the constituency.

In most councils, the Councillors "fight" with MPs over these funds, leading to suggestions that they should also have Ward Development Funds be under the control of Councillors. However, as pointed in chapter four above, the councils have multiple funding sources whose budgets they approve. Of particular interest is the General Resource Fund whose use, according to the Guidebook for the Local Government System, provides latitude for councils use as follows: *"The General Resource Fund (GRF) is the unconditional grant that government transfers to local governments. They are disbursed on a monthly basis and the council has full discretion in deciding the allocation of this fund in its budget without seeking any further guidance from central government. This, therefore, means that the local governments have the freedom to use the funds either for service delivery or indeed to meet any financial gaps that would exist in the council.*

*Government however expects local governments to use a minimum of 25 percent of the GRF for service delivery*". Notwithstanding this opportunity provided in the use of GRFs, it is not clear how many of the Councillors know about this and undertake to find out how the demands of their wards could fit it. After all, as reported in chapter four above, the GRF constitutes 5-17 percent of the total funding to the councils.

### 5.5.5 Attracting educated citizens to leadership roles in local development

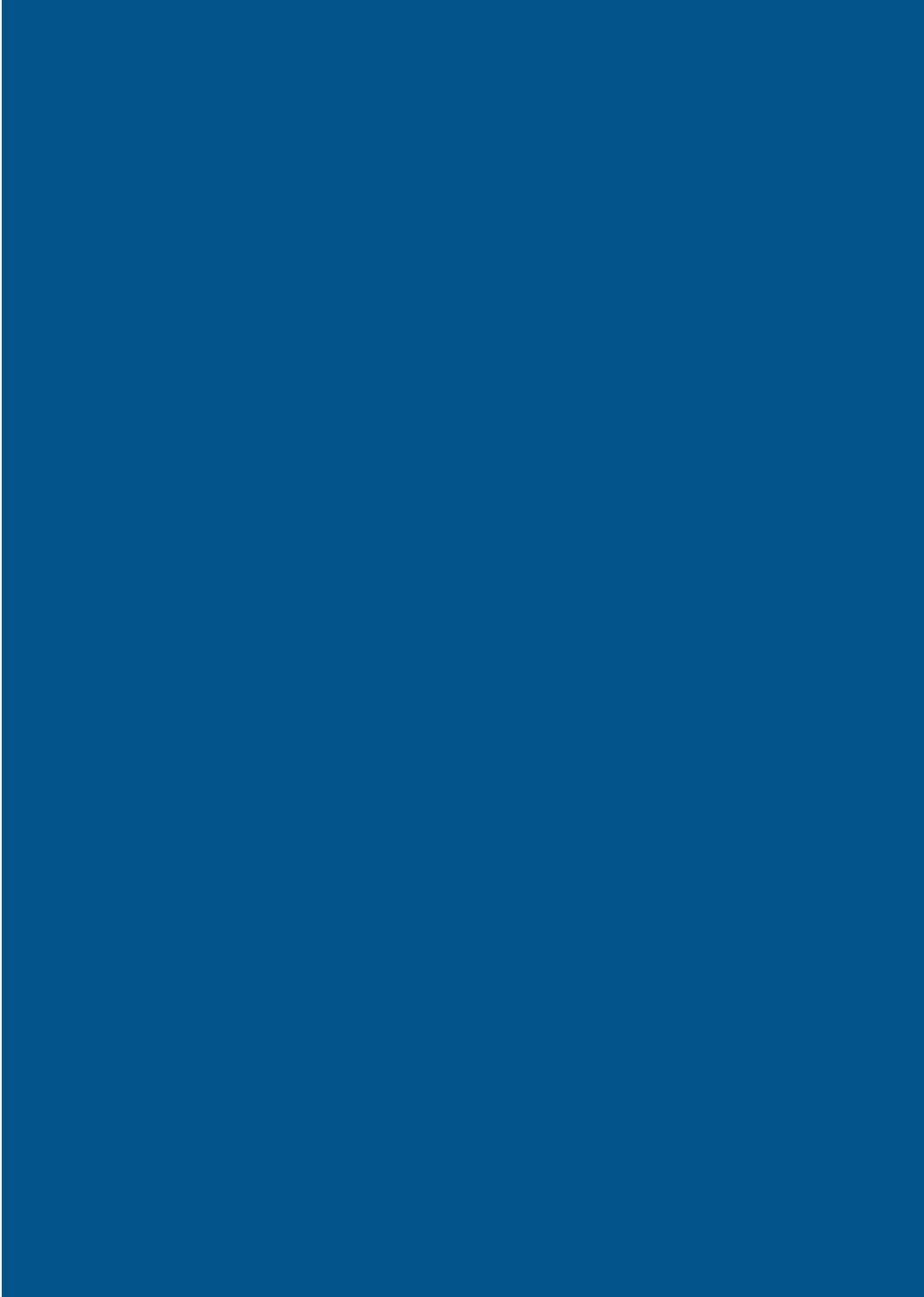
A deliberate national local government policy with higher secondary school or higher level of education for candidates participating in the local government elections would be instrumental in providing opportunities for the youth and other qualified Malawians of different age groups<sup>10</sup> in the rural areas to participate in shaping the development agenda of their areas. Currently, while a good number of educated youths and retirees could be willing to participate and drive in the local development endeavours, they are not given such opportunities. The 2018 PHC data shows that the country has 714,752 (5.9 percent)<sup>11</sup> Malawians from all councils with the said MSCE certificates. Hence it should not be problematic to meet the suggested requirements in electing the local government duty bearers.

As stated above, notwithstanding the availability of well-educated youths in the localities across the country, they have limited opportunities to participate in a leadership position under the current arrangement, which does give recognition to educational requirements. This is largely because choosing the leaders largely emphasizes character of a person rather ability to critique policy and programmatic interventions in the areas. Essentially, it means that if such a requirement were to be put in place, those electing office bearers would consider both educational qualifications and the character of the candidates at all positions of trust. However, it's also important to state that caveats were provided to the suggestion of having MSCE graduates for

posts of Councillors, ADC and VDC leaderships. One concern was raised that in some instances, that such qualified persons may be available in the villages but may not be interested to participate in the said governance structures on a voluntary basis. As such, there could be risks that such persons may not finish their term of office as they find employment outside their residential areas hence creating vacancies in the said leadership positions.

<sup>10</sup> This may include retirees from different professions who domicile either in urban or rural areas.

<sup>11</sup> That is 714, 752 out of 12,105,505 Malawians aged 5 years and above.





Signing of Memorandum of Understanding between the National Planning Commission and the National Initiative for Civic Education for collaboration in the popularisation of the Malawi 2063. The implementation of the Malawi 2063 is key to achieving recommendations in this report.  
Photo credit: National Planning Commission.

# CHAPTER SIX: RECOMMENDATIONS AND WAY FORWARD

## 6.0 Key Recommendations

The report provides invaluable insights from which a number of key policy recommendations for promoting sustainable human development and institutional accountability through democratic decentralization in Malawi could be drawn. The recommendations provided below with possible specific actions by responsible lead stakeholders embody the optimism that the country can bring meaningful sustainable human development despite its challenges. The proposed recommendations point to the existence of possibilities and opportunities for addressing some of the country's sustainable human developmental challenges by strengthening institutional accountability at all levels for a well-managed district focused approach to development. This report acknowledges the mandate of the National Planning Commission in playing a central role for coordinating the implementation of the recommendations in this report while sectoral MDAs undertake the specific technical interventions.

From the analysis, several issues have emerged that calls for practical policy actions by different stakeholders at both national and district levels as follows:

### 6.1 National level recommendations

#### 6.1.1 Invest in strategic policy and programmatic interventions that promote district focused human development approaches

1. The report shows weak coordination among different players that lead to disjointed program implementation. To promote district focused development, it is recommended that the National Planning Commission develops strategies to improve stakeholder coordination, accountability; address any inconsistencies in policy implementation,

and build institutional capacity for implementation of policies and procedures at national, council and local community levels.

2. Ministries, Departments and Agencies (MDAs) should work with the Ministry of Justice to translate the country's key policies and strategies in vernacular languages so that all stakeholders involved in implementing these are well informed of the expected outcomes and outputs. The translated materials can be packaged in simple, gender-sensitive, user-friendly language (use of pictures and disability appropriate) and adequately distributed to the local communities through the local councils.
3. While there are various national-level governance structures, such as the Technical Working Groups, Joint Sector Review Committees, such structures and resources are not available at the local governance level. This makes it difficult to align local needs to national priorities as a platform for sharing innovations among councils. For this reason, the report recommends the Ministry of Local Government develop mechanisms for replicating these national sector-specific governance structures at the district level with explicit roles and responsibilities, communication and reporting mechanisms, and monitoring and evaluation.
4. The Ministry of Finance, in collaboration with the Ministry of Local Government under the strategic leadership of the OPC, should consider building the management capacities of councils' governance structures as a key strategy for the councils' complete autonomy in various aspects of governance and decentralization, including local resource mobilization in line with the Local Government Act.
5. The Ministry of Education, particularly under the National Library Services and the Ministry of Information, should establish a national digital knowl-

edge base or digital library to ensure equitable access to information to provide a more efficient service for delivering information that would otherwise be inaccessible. The digitalized knowledge base would provide a centralized information resource service for the information, serving an archival function and preserving general content through the digital library of the physical item, promoting the literature of Malawi and archive the intellectual patrimony of the nation; and support various curricula and the research activities.

6. Noting that some MDAs have not devolved their functions, the Ministry of Local Government is recommended to explore ways of supporting the MDAs that are yet to devolve their functions. This should involve dealing with resource mobilisation issues to support devolution activities of the said MDAs in the context of recruitment freeze in Government.
7. The Ministry of Local Government and Rural Development should ensure that the revised Local Government Act legalizes the community level development plans, namely Village Action Plans and Area Development Plans. This will ensure the involvement of all stakeholders, including the central government, local councils, MPs and NGOs, and local citizenry, in project/programme identification, design, planning, implementation, monitoring and evaluation. It will also strengthen accountability and participatory monitoring of development projects to enhance the success of such development interventions.

### **6.1.2 Strengthening fiscal decentralization and accountability**

1. While most district councils have weak capacity to mobilize their resources, the available resources are not used appropriately. For this reason, the report calls upon the Ministry of Finance to strengthen accountability in the management of financial resources in local councils and enhance prudent fiscal management through capacity building in financial record keeping, internal auditing, and procurement. This could be through teller-made refresher courses for financial personnel at the district level by the office of the Accountant General.
2. In addition to the above, the Ministry of Finance through the National Audit Office should help to enforce the financial management systems to ensure transparency and accountability of resource use in all district councils to ensure that the resources provided by the central government and own generated revenues are used prudently to implement district development plans in line with the Local Government Act. In this regard, the Ministry of Finance and National Audit Office should reinforce existing sanctions for dealing with the abuse of public finances by local governments by invoking relevant provisions in the Public Finance Management Act.
3. The report finds that the Malawi Government is yet to put in place a transparent and empirically-based Intergovernmental Fiscal Transfer Formulae to guide the allocation of public resources from the centre to the local government as required by the National Constitution and the National Local Government Act. The report recommends that the Ministries of Local Government; Finance; Economic Planning, Development and Public Sector Reforms should undertake the necessary analyses to determine amongst others (a) the share of different National Revenues or total national budget that should go to local governments and (b) which transfers should be conditional and unconditional, and matched or unmatched grants. However, this should be complemented by mechanisms for rewarding district councils for prudent financial management and sanctions for the district councils that abuse resources. Again, there is also a need to develop low-tier governance structures to perform checks and balances on the office bearers and service providers. These measures would help to ensure transparency and accountability so that district councils can implement their district development plans.
4. The report finds disparities in the performance of local councils in resource mobilization, utilization and service delivery. To encourage the low per-

forming councils, the report recommends that the Ministry of Local Government takes leadership in developing a reward system to recognize district councils for good performance through financial and non-financial incentives. For examples of financial incentives may include (a) increasing more financial allocation to performing district councils and (b) establishing matching grants that would only be accessed by councils that meet agreed financial discipline thresholds. Non-financial incentives may include (a) annual awards to the best-performing council, (b) staff training opportunities, (c) linking performing councils to other investors or funders, and (d) provision of advice and support materials (e.g., vehicles) to performing councils.

### 6.1.3 Strengthening local governance system to support district focused approach to service delivery

1. The report finds that low levels of education of office bearers at the local council affect the effective delivery of service and makes it less attractive for educated persons to take up such positions. The report recommends that the Ministry of Local Government consider raising the educational qualifications of all local government elected duty bearers to a minimum qualification of MSCE level for effective service delivery and to attract educated (capable) Malawian retirees to take up such leadership positions. This could be part of the local governance reform process that would help address several current persistent challenges and enable the duty bearers to effectively perform their supervisory role of the Council personnel as provided in the National Constitution and the Local Government Act.
2. While MPs are allocated resources to implement various development projects with their areas, Councillors (though elected by the ballot as the MPs) are not provided with any resources. Yet, Councillors stay in the villages where the local people reside. By not providing resources, Councillors cannot effectively perform their duties. Therefore, the report recommends that the Ministry of Local Government should consult relevant

stakeholders to initiate inspiring changes in the conditions of service for the Councillors. Such measures could link the conditions of service of Councillors to those of other national elected duty bearers such as MPs and Head of State.

### 6.1.4 Gender and decentralization

1. It has been established that local governments have high levels of awareness of the importance of mainstreaming gender issue in the planning, execution and review of the local government programmes. As such, almost all the local council structures strive to be inclusive in different gender groups though there are still gaps. In this regard, the report recommends that the Ministry of Local Government designs and implements the gender transformative capacity programme for its political and administrative structures. The Ministry should ensure its inclusion in policies, strategies, plans and their implementation to enhance understanding of the nature and importance of gender roles and expected relations in planning, designing and management of programmes to realize equal opportunities for access to social and economic prospects.
2. In line with the above, the Ministry of Local Government should lobby for political support and resources for gender mainstreaming activities in the Councils, focusing on priority sectors of education, health and agriculture.
3. This report finds that representation of the youths and people with disability are under-represented in such structures as the DEC, VDC, AEC. The report calls upon the Ministry of Gender, Community Development and Social Welfare, in collaboration with the Ministry of Local Government, to lobby and campaign for a fair share of representation by women, youths, and other physically challenged persons in decision-making positions, particularly at district local community levels.
4. Again, as the ministry responsible for developing the public sector investment plans and budget, the Ministry of Economic Planning and Development and Public Sector Reforms should reinforce

gender-responsive budgeting principles that are adhered to by government ministries, departments and agencies and the local councils within the context of the programme based approach.

5. The Ministry of Local Government should define simple, measurable, attainable, realistic time-bound and gender-sensitive governance and decentralization indicators that would provide a basis for measuring progress of fiscal, administrative and political decentralization within the councils as part of a more comprehensive monitoring and evaluation system.

### 6.1.5 Strategic Investment in Planning, Monitoring and Evaluation System

1. Noting the weak capacity of district monitoring in the Ministry of Local Government, it is recommended that national and local council M&E systems be strengthened by recruiting qualified M&E staff, filling existing vacancy rates, building the capacity of M&E officers, increasing resource for M&E activities and digitalizing data management system (web-based) with technical support from the Ministry of Economic Planning and Development and Public Sector Reforms. In addition, the Ministry of Local Government should strengthen horizontal and vertical linkages around M&E systems within the central government and with local councils.
2. It is recommended that the Government, through the Ministry of Economic Planning and Development and Public Sector Reforms and the National Planning Commission, should include MPI and HDI in its subsequent National Development Plans, including both medium-term development strategies (MGDS) and long-term vision statements such as Malawi 2063.
3. Ministry of Local Government through the District Councils should build capacities of M&E personnel to develop gender indicators, collect sex and gender-disaggregated data and analysis. In this regard, there is need to institutionalize a monitoring and evaluation system that capture results and track changes of practical and strategic needs of males and females to provide equal opportunities for access to social and economic prospects.

## 6.2 District/local council-level recommendations

### 6.2.1 Enhancing the management and coordination capacity at the district council level

1. It is recommended that local councils strengthen the coordination of inclusive, poverty reduction programmes and investments that target vulnerable groups such as women, orphans, and persons with disability, particularly in the rural areas. This calls for more action-oriented implementation by local councils beyond business as usual.
2. Noting the weak coordination of development interventions at the local council level, it is recommended that a new project management model be developed around the existing decentralization guidelines and local governance structures. This will allow the VDCs to be at the centre of the project management, coordination and ensure sustained operations and maintenance of interventions implemented in their localities.
3. The report further recommends that the Local governments, particularly Council Chairs and DECAs, prioritize the capacity building of the lower tier structures, namely ADCs, Neighborhood committees, Ward Committees, VDCs and AECs and developing stronger working relationships. Thus, the latter would be able to effectively help monitor and evaluate the councils' development projects in the localities on behalf of the council headquarter structures. Ultimately, this would ensure efficiency in service delivery in the councils even under resource limitations.
4. The DECAs in the local governments should support lower-tier structures to have all key communications with the Council head offices documented for future reference by themselves and even new office bearers. This underscores the need for educated lower-tier governance leaders.

## 6.2.2 Alleviating the impacts of COVID-19 on economic and human development

achieve sustainable development

1. It is, however, recognized that the COVID-19 pandemic will have a long-term impact on councils' performance. This calls for robust interventions and a comprehensive recovery plan if the country is to diminish the impacts in the post-COVID-19 period. The Ministries of Finance; and Economic Planning, Development and Public Sector Reforms should design and champion the implementation of a comprehensive and expanded social protection programme targeted at various groups of people affected by the COVID-19 pandemic in both rural and urban areas considering their immediate and future needs.
2. It is recommended that the Ministries of Finance; and Economic Planning, Development, and Public Sector Reforms develop a tailor-made stimulus package for the private sector to support businesses and ensure the continuation of revenue collection by the government to cushion against the effects of COVID-19. For instance, the new government through the Ministry of Trade can speed up the disbursement of loans under the National Economic Empowerment Fund (NEEF) towards the private sector. In addition, tax holidays/window period for selected businesses can assist in protecting certain businesses from collapsing.
3. To contain the further spread of the virus, we recommend that the Central Government through DoDMA and relevant MDAs should coordinate and ensure effective implementation of the COVID-19 Response and Recovery Plan among all stakeholders following the decentralization structures to ensure that no one is left behind.
4. The COVID-19 has worsened the low revenue collections due to reduced economic activity. In this regard, it is recommended that the District Councils, through the Director of Planning should facilitate the development of a post-COVID-19 economic recovery plan to help the councils spring back from the impact of the COVID-19 pandemic to

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# ***ANNEXES***

## Annex 1: Enrolment in Primary, Secondary and Tertiary Education Institutions in 2018

| Region/<br>District | Primary          |                  |                  | Secondary     |               |                | Tertiary      |               |               |
|---------------------|------------------|------------------|------------------|---------------|---------------|----------------|---------------|---------------|---------------|
|                     | Male             | Female           | Total            | Male          | Female        | Total          | Male          | Female        | Total         |
| <b>North</b>        | <b>349,485</b>   | <b>347,641</b>   | <b>697,126</b>   | <b>42,962</b> | <b>39,829</b> | <b>82,791</b>  | <b>4,954</b>  | <b>2,926</b>  | <b>7,880</b>  |
| Chitipa             | 39,294           | 38,896           | 78,190           | 4,543         | 4,427         | 8,970          | 366           | 150           | 516           |
| Karonga             | 57,526           | 55,644           | 113,170          | 7,297         | 6,763         | 14,060         | 738           | 298           | 1,036         |
| Rumphi              | 34,732           | 33,406           | 68,138           | 4,693         | 4,083         | 8,776          | 397           | 198           | 595           |
| Mzimba North        | 66,297           | 65,440           | 131,737          | 5,631         | 6,037         | 11,668         | 1,178         | 728           | 1,906         |
| Mzimba South        | 79,915           | 80,961           | 160,876          | 7,396         | 6,122         | 13,518         |               |               | 0             |
| Nkhata Bay          | 42,183           | 40,718           | 82,901           | 5,518         | 4,933         | 10,451         | 402           | 185           | 587           |
| Likoma              | 1,872            | 2,068            | 3,940            | 374           | 241           | 615            | 14            | 5             | 19            |
| Mzuzu City          | 27,666           | 30,508           | 58,174           | 7,510         | 7,223         | 14,733         | 1,859         | 1,362         | 3,221         |
| <b>Centre</b>       | <b>1,056,965</b> | <b>1,091,526</b> | <b>2,148,491</b> | <b>77,029</b> | <b>71,079</b> | <b>148,108</b> | <b>14,614</b> | <b>10,564</b> | <b>25,178</b> |
| Kasungu             | 137,961          | 142,578          | 280,539          | 8,063         | 7,996         | 16,059         | 785           | 474           | 1,259         |
| Nkhota kota         | 62,892           | 62,099           | 124,991          | 5,413         | 4,569         | 9,982          | 411           | 205           | 616           |
| Dowa                | 105,594          | 109,088          | 214,682          | 8,334         | 7,180         | 15,514         | 702           | 324           | 1,026         |
| Ntchisi             | 43,856           | 45,667           | 89,523           | 3,219         | 2,586         | 5,805          | 237           | 108           | 345           |
| Mchinji             | 87,441           | 89,684           | 177,125          | 5,698         | 5,314         | 11,012         | 491           | 284           | 775           |
| Lilongwe Rural East | 122,367          | 128,186          | 250,553          | 4,961         | 5,027         | 9,988          | 1,557         | 811           | 2,368         |
| Lilongwe Rural West | 130,399          | 136,693          | 267,092          | 7,495         | 6,489         | 13,984         |               |               | 0             |
| Salima              | 70,848           | 72,947           | 143,795          | 5,143         | 4,715         | 9,858          | 513           | 277           | 790           |
| Dedza               | 118,387          | 121,821          | 240,208          | 6,262         | 5,279         | 11,541         | 1,109         | 829           | 1,938         |
| Ntcheu              | 90,684           | 92,867           | 183,551          | 6,171         | 5,632         | 11,803         | 697           | 345           | 1,042         |
| Lilongwe city       | 86,536           | 89,896           | 176,432          | 16,270        | 16,292        | 32,562         | 8,112         | 6,907         | 15,019        |
| <b>South</b>        | <b>1,158,894</b> | <b>1,183,123</b> | <b>2,342,017</b> | <b>81,644</b> | <b>75,026</b> | <b>156,670</b> | <b>13,969</b> | <b>9,585</b>  | <b>23,554</b> |
| Balaka              | 71,769           | 71,705           | 143,474          | 5,303         | 4,723         | 10,026         | 446           | 303           | 749           |
| Mangochi            | 163,335          | 171,237          | 334,572          | 6,647         | 7,765         | 14,412         | 771           | 406           | 1,177         |
| Machinga            | 102,349          | 107,793          | 210,142          | 4,788         | 4,264         | 9,052          | 341           | 183           | 524           |
| Phalombe            | 72,598           | 75,654           | 148,252          | 3,923         | 3,397         | 7,320          | 290           | 116           | 406           |
| Mulanje             | 105,457          | 108,874          | 214,331          | 6,392         | 6,245         | 12,637         | 452           | 228           | 680           |
| Thyolo              | 111,744          | 113,213          | 224,957          | 7,040         | 5,912         | 12,952         | 691           | 370           | 1,061         |
| Chiradzulu          | 55,073           | 54,724           | 109,797          | 3,928         | 3,069         | 6,997          | 332           | 162           | 494           |
| Mwanza              | 21,468           | 21,907           | 43,375           | 1,981         | 1,742         | 3,723          | 183           | 145           | 328           |
| Neno                | 24,780           | 24,334           | 49,114           | 1,781         | 1,889         | 3,670          | 122           | 70            | 192           |
| Chikwawa            | 91,344           | 87,594           | 178,938          | 5,073         | 4,312         | 9,385          | 388           | 175           | 563           |
| Nsanje              | 51,796           | 49,420           | 101,216          | 2,553         | 1,792         | 4,345          | 169           | 53            | 222           |

| Region/<br>District | Primary          |                  |                  | Secondary      |                |                | Tertiary      |               |               |
|---------------------|------------------|------------------|------------------|----------------|----------------|----------------|---------------|---------------|---------------|
|                     | Male             | Female           | Total            | Male           | Female         | Total          | Male          | Female        | Total         |
| Blantyre Rural      | 75,024           | 75,820           | 150,844          | 8,242          | 6,899          | 15,141         | 885           | 604           | 1,489         |
| Zomba Rural         | 110,344          | 116,100          | 226,444          | 6,821          | 6,491          | 13,312         | 640           | 307           | 947           |
| Blantyre city       | 88,693           | 90,741           | 179,434          | 12,180         | 12,223         | 24,403         | 7,000         | 5,484         | 12,484        |
| Zomba Urban         | 13,120           | 14,007           | 27,127           | 4,992          | 4,303          | 9,295          | 1,259         | 979           | 2,238         |
| <b>GRAND TOTAL</b>  | <b>2,565,344</b> | <b>2,622,290</b> | <b>5,187,634</b> | <b>201,635</b> | <b>185,934</b> | <b>387,569</b> | <b>33,537</b> | <b>23,075</b> | <b>56,612</b> |
|                     |                  |                  |                  | <b>7.9</b>     | <b>7.1</b>     | <b>7.5</b>     | <b>16.6</b>   | <b>12.4</b>   | <b>14.6</b>   |

Source: Ministry of Education, Science and Technology, and NSO (2018 Population and Housing Census)

**Annex 2: Pupil Qualified Teacher Ratio by District, 2018**

| <b>District</b>     | <b>Learners</b>  | <b>Teachers</b> | <b>PqTR</b>  |
|---------------------|------------------|-----------------|--------------|
| <b>North</b>        | <b>697,126</b>   | <b>10,735</b>   | <b>64.94</b> |
| Chitipa             | 78,190           | 1,167           | 67.0         |
| Karonga             | 113,170          | 1,707           | 66.3         |
| Rumphi              | 68,138           | 1,121           | 60.8         |
| Mzimba North        | 131,737          | 2,016           | 65.3         |
| Mzimba South        | 160,876          | 2,390           | 67.3         |
| Nkhata Bay          | 82,901           | 1,278           | 64.9         |
| Likoma              | 3,940            | 62              | 63.5         |
| Mzuzu City          | 58,174           | 994             | 58.5         |
| <b>Centre</b>       | <b>2,148,491</b> | <b>31,223</b>   | <b>68.8</b>  |
| Kasungu             | 280,539          | 3,999           | 70.2         |
| Nkhota kota         | 124,991          | 1,760           | 71.0         |
| Dowa                | 214,682          | 3,041           | 70.6         |
| Ntchisi             | 89,523           | 1,366           | 65.5         |
| Mchinji             | 177,125          | 2,465           | 71.9         |
| Lilongwe Rural East | 250,553          | 3,736           | 67.1         |
| Lilongwe Rural West | 267,092          | 4,064           | 65.7         |
| Salima              | 143,795          | 2,058           | 69.9         |
| Dedza               | 240,208          | 3,394           | 70.8         |
| Ntcheu              | 183,551          | 2,823           | 65.0         |
| Lilongwe city       | 176,432          | 2,517           | 70.1         |
| <b>South</b>        | <b>2,342,017</b> | <b>32,129</b>   | <b>72.9</b>  |
| Balaka              | 143,474          | 2103            | 68.2         |
| Mangochi            | 334,572          | 4249            | 78.7         |
| Machinga            | 210,142          | 2509            | 83.8         |
| Phalombe            | 148,252          | 1955            | 75.8         |
| Mulanje             | 214,331          | 3000            | 71.4         |
| Thyolo              | 224,957          | 3104            | 72.5         |
| Chiradzulu          | 109,797          | 1631            | 67.3         |
| Mwanza              | 43,375           | 651             | 66.6         |
| Neno                | 49,114           | 697             | 70.5         |
| Chikwawa            | 178,938          | 2322            | 77.1         |
| Nsanje              | 101,216          | 1313            | 77.1         |
| Blantyre Rural      | 150,844          | 2576            | 58.6         |
| Zomba Rural         | 226,444          | 3036            | 74.6         |
| Blantyre city       | 179,434          | 2387            | 75.2         |
| Zomba Urban         | 27,127           | 596             | 45.5         |
| <b>GRAND TOTAL</b>  | <b>5,187,634</b> | <b>74,087</b>   | <b>70.0</b>  |

## Annex 3: Gender Parity Index for Primary, Secondary and Tertiary Education Levels

| Region/ District    | Gender Parity Index |             |             |
|---------------------|---------------------|-------------|-------------|
|                     | Primary             | Secondary   | Tertiary    |
| <b>North</b>        | <b>0.99</b>         | <b>0.93</b> | <b>0.59</b> |
| Chitipa             | 0.99                | 0.97        | 0.41        |
| Karonga             | 0.97                | 0.93        | 0.40        |
| Rumphi              | 0.96                | 0.87        | 0.50        |
| Mzimba North        | 0.99                | 1.07        | 0.62        |
| Mzimba South        | 1.01                | 0.83        |             |
| Nkhata Bay          | 0.97                | 0.89        | 0.46        |
| Likoma              | 1.10                | 0.64        | 0.36        |
| Mzuzu City          | 1.10                | 0.96        | 0.73        |
| <b>Centre</b>       | <b>1.03</b>         | <b>0.92</b> | <b>0.72</b> |
| Kasungu             | 1.03                | 0.99        | 0.60        |
| Nkhota kota         | 0.99                | 0.84        | 0.50        |
| Dowa                | 1.03                | 0.86        | 0.46        |
| Ntchisi             | 1.04                | 0.80        | 0.46        |
| Mchinji             | 1.03                | 0.93        | 0.58        |
| Lilongwe Rural East | 1.05                | 1.01        | 0.52        |
| Lilongwe Rural West | 1.05                | 0.87        |             |
| Salima              | 1.03                | 0.92        | 0.54        |
| Dedza               | 1.03                | 0.84        | 0.75        |
| Ntcheu              | 1.02                | 0.91        | 0.49        |
| Lilongwe city       | 1.04                | 1.00        | 0.85        |
| <b>South</b>        | <b>1.02</b>         | <b>0.92</b> | <b>0.69</b> |
| Balaka              | 1.00                | 0.89        | 0.68        |
| Mangochi            | 1.05                | 1.17        | 0.53        |
| Machinga            | 1.05                | 0.89        | 0.54        |
| Phalombe            | 1.04                | 0.87        | 0.40        |
| Mulanje             | 1.03                | 0.98        | 0.50        |
| Thyolo              | 1.01                | 0.84        | 0.54        |
| Chiradzulu          | 0.99                | 0.78        | 0.49        |
| Mwanza              | 1.02                | 0.88        | 0.79        |
| Neno                | 0.98                | 1.06        | 0.57        |
| Chikwawa            | 0.96                | 0.85        | 0.45        |
| Nsanje              | 0.95                | 0.70        | 0.31        |
| Blantyre Rural      | 1.01                | 0.84        | 0.68        |
| Zomba Rural         | 1.05                | 0.95        | 0.48        |
| Blantyre city       | 1.02                | 1.00        | 0.78        |
| Zomba Urban         | 1.07                | 0.86        | 0.78        |
| <b>National</b>     | <b>1.02</b>         | <b>0.92</b> | <b>0.69</b> |

**Annex 4: District level Mean Years of Schooling & Expected years of Schooling**

| District/ City Council   | Mean Years of Schooling | Expected Years of Schooling |
|--------------------------|-------------------------|-----------------------------|
| <b>Malawi / National</b> | <b>4.62</b>             | <b>11.21</b>                |
| <b>North</b>             |                         |                             |
| Chitipa                  | 4.62                    | 12.67                       |
| Karonga                  | 4.56                    | 11.89                       |
| Nkhata Bay               | 4.38                    | 11.17                       |
| Rumphi                   | 5.00                    | 11.76                       |
| Mzimba                   | 4.49                    | 11.69                       |
| Likoma                   | 5.90                    | 11.62                       |
| Mzuzu City               | 7.52                    | 12.95                       |
| <b>Central</b>           |                         |                             |
| Kasungu                  | 4.25                    | 12.02                       |
| Nkhotakota               | 4.18                    | 11.77                       |
| Ntchisi                  | 3.99                    | 10.45                       |
| Dowa                     | 4.18                    | 10.51                       |
| Salima                   | 3.98                    | 11.11                       |
| Lilongwe                 | 4.03                    | 11.65                       |
| Mchinji                  | 4.10                    | 10.79                       |
| Dedza                    | 3.89                    | 10.72                       |
| Ntcheu                   | 4.39                    | 10.42                       |
| Lilongwe City            | 7.44                    | 8.89                        |
| <b>South</b>             |                         |                             |
| Mangochi                 | 3.48                    | 10.27                       |
| Machinga                 | 3.40                    | 9.83                        |
| Zomba                    | 4.00                    | 10.88                       |
| Chiradzulu               | 4.50                    | 11.57                       |
| Blantyre                 | 4.79                    | 13.12                       |
| Mwanza                   | 4.48                    | 12.72                       |
| Thyolo                   | 4.15                    | 11.21                       |
| Mulanje                  | 3.93                    | 11.30                       |
| Phalombe                 | 3.52                    | 11.94                       |
| Chikwawa                 | 4.18                    | 11.64                       |
| Nsanje                   | 3.78                    | 11.92                       |
| Balaka                   | 4.27                    | 11.80                       |
| Neno                     | 4.49                    | 13.27                       |
| Zomba City               | 7.57                    | 14.01                       |
| Blantyre City            | 7.67                    | 10.47                       |

Source: NHDR team computation based on data from 2017/18 Ministry of Education, Science and Technology EMIS and 2018 PHC datasets

**Annex 5: Status of coverage of selected health indicators**

| Indicator  | Percent (DHS 2015-16) | Percent (IHS 2016-17) |
|--|-----------------------|-----------------------|
| Ante natal coverage (at least one visit)   | 95                    |                       |
| Ante natal coverage (at least four visits)   | 51                    |                       |
| Proportion of skilled birth attendants   | 90                    | 95.7                  |
| Proportion of facility delivery  | 91                    | 95.3                  |
| Proportion of mothers who received post-natal care within two days of delivery       | 42                    |                       |
| <i>Contraceptive prevalence rate</i>   |                       |                       |
| Any method married women   | 59                    |                       |
| Any method sexually active unmarried women   | 44                    |                       |
| Modern contraceptive prevalence rate – married women                                 | 58                    |                       |
| Modern contraceptive prevalence rate- sexually active unmarried women                | 43                    |                       |
| <i>Immunization coverage</i>   |                       |                       |
| Proportion of 12-23 years children who received BCG vaccine                          | 97.6                  |                       |
| Proportion of 12-23 years children who received measles vaccine                      | 91.3                  |                       |
| Proportion of 12-23 years children who are fully vaccinated                          | 76                    |                       |
| Proportion of 12-23 years children who are not vaccinated                            | 1.6                   |                       |
| <i>Proportion of new-borns with chords cuts with sterilized or boiled instrument</i> |                       |                       |
| Proportion of new-borns with chords cuts with sterilized or boiled instrument        |                       |                       |
| Percentage of <5 children with diarrhoea who received oral rehydration therapy       | 78                    |                       |

Source: NSO and ICF Macro (2017), Demographic and Health survey report; NSO (2017), Integrated Household Survey, Zomba

**Annex 6: Selected health targets in MGDS III**

| Variable  | 2016/17<br>(base year) | 2018         | 2020         | 2022         |
|---|------------------------|--------------|--------------|--------------|
| Total fertility rate  | 4.4                    | 4.4          | 3.5          | 3            |
| Households with improved sanitation (%)                                 | 52                     | 65           | 75           | 85           |
| Households with hand washing facility (%)                               | 19                     | 24           | 37           | 58           |
| Modern contraceptive prevalence rate among married women (%)            | 58                     | 64           | 69           | 73           |
| Modern contraceptive prevalence rate among unmarried women (%)          | 44                     | 54           | 58           | 60           |
| Health facilities with stock outs of tracer medicines (%)               | 20                     | 5            | 5            | 5            |
| GoM budget allocated to health sector (%)                               | 11                     | 18           | 15           | 15           |
| Doctor-population ratio   | 0.2<br>(447)           | 0.2<br>(447) | 0.3<br>(625) | 0.4<br>(804) |
| Nurse-population ratio  | 3.6<br>(597)           | 4.2 (7559)   | 5.1 (9814)   | 5.9 (12,070) |
| Health facilities able to deliver Essential Health Package services (%) | 54                     | 90           | 95           | 99           |
| Children stunted (%)  | 37                     | 35           | 33           | 31           |
| Under-five mortality rate/1,000 live births                             | 64                     | 64           | 55           | 48           |
| Neonatal mortality rate/1,000 live births                               | 27                     | 26           | 24           | 22           |

Source: GoM (2017), Ministry of Finance, Economic Planning and Development, MGDS III

**Annex 7: Proportion of households with improved sanitation and type of facility by district (2016/2017)**

| District      | Access improved to sanitation | Flush Toilet | VIP latrine | Traditional latrine with roof | Latrine without roof | None | Other | Total |
|---------------|-------------------------------|--------------|-------------|-------------------------------|----------------------|------|-------|-------|
| Chitipa       | 78.9                          | 0.8          | 6.0         | 72.1                          | 16.9                 | 4.2  | -     | 100   |
| Karonga       | 69.6                          | 2.1          | 8.4         | 59.1                          | 20.3                 | 10.1 | -     | 100   |
| Nkhata Bay    | 70.2                          | 0.3          | 2.2         | 67.7                          | 21.8                 | 7.7  | 0.3   | 100   |
| Rumphi        | 79.8                          | 4.2          | 2.5         | 73.2                          | 15.8                 | 4.4  | -     | 100   |
| Mzimba        | 82.0                          | 0.6          | 3.4         | 78.0                          | 11.5                 | 5.9  | 0.6   | 100   |
| Likoma        | 77.1                          | 2.6          | 4.8         | 69.8                          | 19.6                 | 3.2  | -     | 100   |
| Mzuzu City    | 86.2                          | 11.6         | 13.0        | 61.6                          | 12.2                 | 1.6  | -     | 100   |
| Kasungu       | 73.3                          | 0.2          | 1.3         | 71.8                          | 15.0                 | 11.6 | 0.2   | 100   |
| Nkhotakota    | 85.0                          | 5.7          | 2.8         | 76.5                          | 10.1                 | 3.8  | 1.1   | 100   |
| Ntchisi       | 87.1                          | 0.7          | 1.3         | 85.1                          | 8.3                  | 4.5  | -     | 100   |
| Dowa          | 72.1                          | 1.0          | 2.3         | 68.8                          | 12.8                 | 15.1 | -     | 100   |
| Salima        | 66.6                          | 1.6          | 1.6         | 63.4                          | 18.1                 | 15.3 | -     | 100   |
| Lilongwe      | 63.6                          | 0.1          | 1.1         | 62.4                          | 23.1                 | 13.3 | -     | 100   |
| Mchinji       | 59.7                          | 0.4          | 2.3         | 57.0                          | 24.4                 | 15.9 | -     | 100   |
| Dedza         | 66.6                          | -            | -           | 66.6                          | 24.0                 | 9.5  | -     | 100   |
| Ntcheu        | 71.4                          | 0.3          | 1.4         | 69.7                          | 17.6                 | 10.7 | 0.3   | 100   |
| Lilongwe City | 80.6                          | 12.0         | 10.3        | 58.4                          | 18.2                 | 1.2  | -     | 100   |
| Mangochi      | 62.3                          | 0.6          | 0.8         | 60.9                          | 34.6                 | 3.1  | -     | 100   |
| Machinga      | 51.8                          | -            | 0.2         | 51.6                          | 37.5                 | 10.5 | 0.2   | 100   |
| Zomba         | 65.2                          | 0.2          | 1.3         | 63.8                          | 24.8                 | 10.0 | -     | 100   |
| Chiradzulu    | 66.7                          | -            | -           | 66.7                          | 24.6                 | 8.3  | 0.4   | 100   |
| Blantyre      | 66.1                          | 1.5          | 1.2         | 63.4                          | 27.6                 | 6.2  | -     | 100   |
| Mwanza        | 68.6                          | 2.0          | 2.3         | 64.3                          | 18.3                 | 12.5 | 0.5   | 100   |
| Thyolo        | 76.4                          | 0.4          | 0.4         | 75.6                          | 13.2                 | 10.4 | -     | 100   |
| Mulanje       | 77.0                          | 3.2          | 4.0         | 69.9                          | 11.1                 | 11.9 | -     | 100   |
| Phalombe      | 66.5                          | 0.2          | -           | 66.4                          | 20.5                 | 12.9 | -     | 100   |
| Chikwawa      | 71.0                          | 0.7          | 0.3         | 70.0                          | 17.0                 | 12.1 | -     | 100   |
| Nsanje        | 51.7                          | 1.6          | -           | 50.1                          | 29.0                 | 19.3 | -     | 100   |
| Balaka        | 68.9                          | -            | 1.8         | 67.2                          | 25.6                 | 5.5  | -     | 100   |
| Neno          | 68.8                          | 0.3          | 1.7         | 66.8                          | 20.2                 | 11.0 | -     | 100   |
| Zomba City    | 90.6                          | 25.3         | 9.3         | 56.0                          | 8.8                  | 0.6  | -     | 100   |
| Blantyre City | 82.5                          | 20.8         | 2.6         | 59.1                          | 16.4                 | 0.8  | 0.3   | 100   |

Source: IHS 4 (2017)

**Annex 8: Proportion of households by main source of energy used for cooking and heating, 2018**

| Region/<br>district | Main Source of Energy for Cooking (%) |            |            |             |             |                            |            |            |
|---------------------|---------------------------------------|------------|------------|-------------|-------------|----------------------------|------------|------------|
|                     | Electricity                           | Solar      | Paraffin   | Charcoal    | Firewood    | Straw/<br>Shrubs/<br>Grass | Gas        | Other      |
| <b>Malawi</b>       | <b>1.9</b>                            | <b>0.5</b> | <b>0.2</b> | <b>18.2</b> | <b>77.4</b> | <b>1.1</b>                 | <b>0.0</b> | <b>0.8</b> |
| <b>Northern</b>     | 1.5                                   | 1.0        | 0.1        | 16.0        | 80.3        | 0.2                        | 0.0        | 0.9        |
| Chitipa             | 0.5                                   | 1.2        | 0.1        | 8.9         | 88.5        | 0.1                        | 0.0        | 0.7        |
| Karonga             | 1.2                                   | 0.7        | 0.2        | 17.2        | 79.7        | 0.3                        | 0.0        | 0.8        |
| Nkhata Bay          | 0.9                                   | 0.6        | 0.1        | 7.9         | 89.1        | 0.1                        | 0.0        | 1.3        |
| Rumphi              | 0.8                                   | 0.5        | 0.0        | 12.0        | 85.8        | 0.1                        | 0.0        | 0.6        |
| Mzimba              | 0.6                                   | 1.5        | 0.1        | 7.0         | 89.5        | 0.2                        | 0.0        | 1.0        |
| Likoma              | 4.2                                   | 0.1        | 0.1        | 21.0        | 74.2        | 0.1                        | 0.1        | 0.2        |
| Mzuzu City          | 7.8                                   | 0.2        | 0.1        | 69.1        | 22.3        | 0.0                        | 0.1        | 0.5        |
| <b>Central</b>      | 2.0                                   | 0.5        | 0.1        | 17.5        | 77.7        | 1.2                        | 0.1        | 0.9        |
| Kasungu             | 0.7                                   | 0.5        | 0.1        | 8.6         | 88.8        | 0.4                        | 0.0        | 0.8        |
| Nkhatakota          | 1.1                                   | 0.3        | 0.2        | 14.4        | 81.7        | 1.0                        | 0.0        | 1.3        |
| Ntchisi             | 0.4                                   | 0.8        | 0.1        | 5.1         | 92.5        | 0.5                        | 0.0        | 0.6        |
| Dowa                | 0.8                                   | 0.5        | 0.1        | 7.3         | 89.4        | 0.8                        | 0.0        | 1.1        |
| Salima              | 1.1                                   | 0.5        | 0.2        | 14.8        | 82.1        | 0.4                        | 0.0        | 0.9        |
| Lilongwe            | 0.5                                   | 0.5        | 0.2        | 8.5         | 87.5        | 1.9                        | 0.0        | 0.9        |
| Mchinji             | 0.4                                   | 0.6        | 0.2        | 9.5         | 88.4        | 0.2                        | 0.0        | 0.7        |
| Dedza               | 0.5                                   | 0.4        | 0.1        | 5.9         | 88.4        | 3.6                        | 0.0        | 1.2        |
| Ntcheu              | 0.4                                   | 0.5        | 0.2        | 8.8         | 88.7        | 0.3                        | 0.0        | 1.0        |
| Lilongwe City       | 10.7                                  | 0.2        | 0.1        | 74.1        | 13.2        | 0.8                        | 0.3        | 0.6        |
| <b>Southern</b>     | 1.9                                   | 0.4        | 0.2        | 19.4        | 76.3        | 1.2                        | 0.0        | 0.7        |
| Mangochi            | 0.5                                   | 0.5        | 0.2        | 16.3        | 81.5        | 0.2                        | 0.0        | 1.0        |
| Machinga            | 0.2                                   | 0.3        | 0.1        | 9.6         | 88.5        | 0.4                        | 0.0        | 0.7        |
| Zomba               | 0.5                                   | 0.3        | 0.1        | 7.8         | 89.3        | 1.3                        | 0.0        | 0.7        |
| Chiradzulu          | 0.5                                   | 0.8        | 0.4        | 6.1         | 87.1        | 4.3                        | 0.0        | 0.8        |
| Blantyre            | 1.8                                   | 0.3        | 0.2        | 18.9        | 77.8        | 0.6                        | 0.0        | 0.4        |
| Mwanza              | 0.7                                   | 0.3        | 0.1        | 21.6        | 76.7        | 0.1                        | 0.0        | 0.6        |
| Thyolo              | 0.8                                   | 0.3        | 0.4        | 6.2         | 90.7        | 0.9                        | 0.0        | 0.6        |
| Mulanje             | 0.7                                   | 0.3        | 0.2        | 6.6         | 88.0        | 3.5                        | 0.0        | 0.7        |
| Phalombe            | 0.5                                   | 0.3        | 0.2        | 6.0         | 89.1        | 3.5                        | 0.0        | 0.4        |
| Chikwawa            | 1.1                                   | 0.4        | 0.2        | 13.6        | 82.7        | 0.6                        | 0.0        | 1.4        |
| Nsanje              | 0.3                                   | 0.8        | 0.1        | 11.8        | 85.2        | 1.2                        | 0.0        | 0.6        |
| Balaka              | 0.6                                   | 0.3        | 0.1        | 16.7        | 81.6        | 0.1                        | 0.0        | 0.5        |
| Neno                | 0.8                                   | 0.9        | 0.1        | 11.4        | 86.2        | 0.1                        | 0.0        | 0.5        |
| Zomba City          | 13.4                                  | 0.1        | 0.1        | 66.8        | 18.9        | 0.0                        | 0.1        | 0.5        |
| Blantyre City       | 10.8                                  | 0.1        | 0.1        | 81.2        | 7.2         | 0.2                        | 0.2        | 0.3        |

Source: NHDR team calculations based on 2018 Population and Housing census Data

**Annex 9: Proportion of households by main source of cooking fuel (2017)**

| Background characteristics | Solid fuel | Firewood | Charcoal | Electricity | Crop residue/<br>Saw dust | Other | Total |
|----------------------------|------------|----------|----------|-------------|---------------------------|-------|-------|
| <b>Malawi</b>              | 98.0       | 80.5     | 16.0     | 1.9         | 1.4                       | 0.1   | 100   |
| Place of residence         |            |          |          |             |                           |       |       |
| <b>Urban</b>               | 90.3       | 27.9     | 62.2     | 9.4         | 0.3                       | 0.3   | 100   |
| <b>Rural</b>               | 99.7       | 92.9     | 5.2      | 0.2         | 1.7                       | 0.1   | 100   |
| Region                     |            |          |          |             |                           |       |       |
| <b>North</b>               | 98.3       | 78.5     | 19.8     | 1.6         | -                         | 0.1   | 100   |
| <b>Centre</b>              | 98.6       | 83.9     | 14.3     | 1.4         | 0.4                       | 0.0   | 100   |
| <b>South</b>               | 97.3       | 77.6     | 17.0     | 2.5         | 2.7                       | 0.2   | 100   |
| Sex of household head      |            |          |          |             |                           |       |       |
| <b>Male</b>                | 97.8       | 78.6     | 18.0     | 2.1         | 1.2                       | 0.1   | 100   |
| <b>Female</b>              | 98.3       | 85.1     | 11.2     | 1.6         | 1.9                       | 0.1   | 100   |
| Age of household head      |            |          |          |             |                           |       |       |
| <b>15-24</b>               | 99.6       | 83.8     | 14.8     | 0.3         | 1.0                       | 0.0   | 100   |
| <b>25-34</b>               | 98.0       | 73.0     | 23.6     | 1.9         | 1.4                       | 0.1   | 100   |
| <b>35-49</b>               | 97.1       | 79.0     | 16.8     | 2.8         | 1.3                       | 0.1   | 100   |
| <b>50-64</b>               | 97.6       | 84.7     | 11.7     | 2.2         | 1.2                       | 0.2   | 100   |
| <b>65+</b>                 | 99.0       | 90.9     | 5.8      | 0.7         | 2.4                       | 0.2   | 100   |

Source: NSO (2017)

**Annex 10: Transfer to Councils by Budget type and Sector in the 2019/2020 Financial Year**

| <b>Category</b>                                  | <b>2018/19<br/>Approved<br/>Estimates (MK)</b> | <b>2018/19 Revised<br/>Estimates (MK)</b> | <b>2019/20<br/>Proposed<br/>Estimates (MK)</b> | <b>2020/21<br/>Projections (MK)</b> | <b>2021/22<br/>Projections (MK)</b> |
|--|--|---|--|-------------------------------------|-------------------------------------|
| Personal Emoluments                              | 170,466,550,75                                 | 210,130,072,90                            | 213,408,751,73                                 | 226,426,685,58                      | 240,238,713,41                      |
| Personal Emoluments - Adult Literacy Instructors | 1,733,940,000                                  | 1,733,940,000                             | 1,733,940,000                                  | 1,733,940,000                       | 1,733,940,000                       |
| Personal Emoluments - Adult Literacy Instructors | 1,283,300,000                                  | 1,283,300,000                             |  |                                     |                                     |
| Other Recurrent Transactions                     | 29,670,827,361                                 | 28,137,481,425                            | 32,882,441,473                                 | 33,272,063,546                      | 34,694,416,724                      |
| Agricultural Sector                              | 1,534,894,394                                  | 1,534,894,394                             | 1,611,639,113                                  | 1,692,221,069                       | 1,776,832,122                       |
| Education Sector                                 | 9,535,007,460                                  | 9,535,007,460                             | 10,011,757,833                                 | 10,512,345,724                      | 11,037,963,010                      |
| Health Sector                                    | 8,378,619,270                                  | 8,378,619,270                             | 8,797,550,234                                  | 9,237,427,745                       | 9,699,299,133                       |
| General Resource Fund                            | 2,730,306,239                                  | 1,992,988,743                             | 2,869,506,979                                  | 3,012,982,328                       | 3,163,631,444                       |
| Youth  | 165,375,000                                    | 115,762,500                               | 173,643,750                                    | 182,325,938                         | 191,442,234                         |
| Sports   | 157,500,000                                    | 110,250,000                               | 165,375,000                                    | 173,643,750                         | 182,325,938                         |
| Housing  | 165,375,000                                    | 115,762,500                               | 173,643,750                                    | 182,325,938                         | 191,442,235                         |
| Trade  | 165,375,000                                    | 115,762,500                               | 173,643,750                                    | 182,325,938                         | 191,442,234                         |
| Water  | 196,875,000                                    | 137,812,500                               | 206,718,750                                    | 217,054,688                         | 227,907,422                         |
| Gender   | 220,500,000                                    | 155,576,339                               | 231,525,000                                    | 243,101,250                         | 255,256,313                         |
| Community Development                            | 220,500,000                                    | 155,576,339                               | 231,524,999                                    | 243,101,249                         | 255,256,311                         |
| Environment                                      | 165,375,000                                    | 117,381,381                               | 175,281,066                                    | 184,045,119                         | 193,247,375                         |
| Forestry   | 165,375,000                                    | 115,762,500                               | 173,643,750                                    | 182,325,938                         | 191,442,234                         |
| Fisheries  | 165,375,001                                    | 115,762,500                               | 173,643,750                                    | 182,325,938                         | 191,442,234                         |
| OPC-NRB  | 217,875,000                                    | 152,512,500                               | 228,768,750                                    | 240,207,188                         | 252,217,547                         |
| Labour   | 220,500,000                                    | 154,350,000                               | 231,525,000                                    | 243,101,250                         | 255,256,313                         |
| Immigration                                      | 220,500,000                                    | 154,350,000                               | 231,525,000                                    | 243,101,250                         | 255,256,313                         |
| Irrigation                                       | 220,500,000                                    | 154,350,000                               | 231,525,000                                    | 243,101,250                         | 255,256,313                         |
| Constituency Development Fund                    | 4,825,000,000                                  | 4,825,000,000                             | 5,790,000,000                                  | 4,825,000,000                       | 4,825,000,000                       |
| Disaster Risk Management                         |  |   | 1,000,000,000                                  | 1,050,000,000                       | 1,102,500,000                       |
| <b>Total Recurrent</b>                           | <b>203,154,618,11</b>                          | <b>241,284,794,32</b>                     | <b>248,025,133,20</b>                          | <b>261,432,689,13</b>               | <b>276,667,070,13</b>               |

| Category                          | 2018/19 Approved Estimates | 2018/19 Revised Estimates | 2019/20 Proposed Estimates | 2020/21 Projections   | 2021/22 Projections   |
|-----------------------------------|----------------------------|---------------------------|----------------------------|-----------------------|-----------------------|
| Locally Funded Projects (Part II) | 16,310,509,438             | 13,852,940,959            | 8,510,509,438              | 8,510,509,438         | 8,510,509,438         |
| Construction of City Roads        | 10,000,000,000             | 10,000,000,000            | 2,200,000,000              | 2,200,000,000         | 2,200,000,000         |
| Local Councils Development Part 2 | 3,184,000,000              | 1,273,600,001             | 3,184,000,000              | 3,184,000,000         | 3,184,000,000         |
| Construction of Water Structures  | 2,316,000,000              | 2,316,000,000             | 2,316,000,000              | 2,316,000,000         | 2,316,000,000         |
| Infrastructure Development Fund   | 810,509,438                | 263,340,958               | 810,509,438                | 810,509,438           | 810,509,438           |
| <b>Total Capital</b>              | <b>16,310,509,438</b>      | <b>13,852,940,959</b>     | <b>8,510,509,438</b>       | <b>8,510,509,438</b>  | <b>8,510,509,438</b>  |
| <b>Total Councils</b>             | <b>219,465,127,55</b>      | <b>255,137,735,28</b>     | <b>256,535,642,64</b>      | <b>269,943,198,57</b> | <b>285,177,579,57</b> |

Source: Draft 2019/20 Financial Statement –Ministry of Finance, Economic Planning and Development

## Annex 11: Government Transfers and Locally Generated Revenues for All Councils: 2016-2018

| Council Transfers and locally generated Revenues | 2017/2018            |                      |                 | 2016/2017            |                      |                  |
|--|----------------------|----------------------|-----------------|----------------------|----------------------|------------------|
|  | Approved Budget      | End Year Actuals     | Utilization (%) | Approved Budget      | End Year Actuals     | Utilization- (%) |
| Government transfers to Balaka                   | 958,952,373          | 948,995,041          | 99              | 867,531,295          | 894,106,916          | 103              |
| Locally generated revenues Balaka                | 95,370,080           | 112,841,410          | 118             | 75,911,693           | 77,297,476           | 102              |
| <b>Total Revenues Balaka</b>                     | <b>1,054,322,453</b> | <b>1,061,836,451</b> | <b>101</b>      | <b>943,442,988</b>   | <b>971,404,391</b>   | <b>103</b>       |
| Government transfers to Blantyre                 | 1,360,533,003        | 1,202,734,412        | 88              | 1,270,539,044        | 1,206,223,879        | 95               |
| Locally generated revenues Blantyre              | 382,800,000          | 225,987,233          | 59              | 157,188,000          | 141,918,145          | 90               |
| <b>Total revenues Blantyre</b>                   | <b>1,743,333,003</b> | <b>1,428,721,645</b> | <b>82</b>       | <b>1,427,727,044</b> | <b>1,348,142,024</b> | <b>94</b>        |
| Government transfers to Chikwawa                 | 1,212,806,242        | 1,100,311,060        | 91              | 1,045,261,951        | 973,438,620          | 93               |
| Locally generated revenues Chikwawa              | 126,706,000          | 68,176,910           | 54              | 68,210,353           | 30,167,000           | 44               |
| <b>Total revenues Chikwawa</b>                   | <b>1,339,512,242</b> | <b>1,168,487,970</b> | <b>87</b>       | <b>1,113,472,304</b> | <b>1,003,605,620</b> | <b>90</b>        |
| Government transfers to Chiradzulu               | 953,184,170          | 800,965,597          | 84              | 785,036,731          | 740,745,862          | 94               |
| Locally generated revenues Chiradzulu            | 67,985,000           | 3,493,700            | 5               | 66,468,727           | 6,511,250            | 10               |
| <b>Total Revenues Chiradzulu</b>                 | <b>1,021,169,170</b> | <b>804,459,297</b>   | <b>79</b>       | <b>851,505,458</b>   | <b>747,257,112</b>   | <b>88</b>        |
| Government transfers Chitipa                     | 948,976,015          | 809,001,894          | 85              | 768,553,323          | 712,586,813          | 93               |
| Locally generated revenues Chitipa               | 65,670,000           | 45,545,884           | 69              | 56,260,000           | 49,520,466           | 88               |
| <b>Total Revenue Chitipa</b>                     | <b>1,014,646,015</b> | <b>854,547,778</b>   | <b>84</b>       | <b>824,813,323</b>   | <b>762,107,279</b>   | <b>92</b>        |
| Government transfers Dedza                       | 1,498,395,061        | 1,289,358,326        | 86              | 1,362,347,760        | 1,279,634,584        | 94               |
| Locally generated revenues Dedza                 | 102,500,061          | 68,155,880           | 66              | 133,562,714          | 96,629,268           | 72               |
| <b>Total Revenue Dedza</b>                       | <b>1,600,895,122</b> | <b>1,357,514,206</b> | <b>85</b>       | <b>1,495,910,474</b> | <b>1,376,263,852</b> | <b>92</b>        |
| Government transfers Dowa                        | 1,360,906,413        | 1,253,983,333        | 92              | 1,211,092,437        | 794,483,751          | 66               |
| Locally generated revenues Dowa                  | 124,297,600          | 124,862,140          | 100             | 117,597,600          | 80,543,092           | 68               |
| <b>Total Revenues Dowa</b>                       | <b>1,485,204,013</b> | <b>1,378,845,473</b> | <b>93</b>       | <b>1,328,690,037</b> | <b>875,026,843</b>   | <b>66</b>        |
| Government transfers Karonga                     | 939,628,203          | 865,625,192          | 92              | 846,774,423          | 566,880,188          | 67               |
| Locally generated revenues Karonga               | 157,829,850          | 137,170,514          | 87              | 135,808,802          | 90,272,093           | 66               |
| <b>Total Revenues Karonga</b>                    | <b>1,097,458,053</b> | <b>1,002,795,706</b> | <b>91</b>       | <b>982,583,225</b>   | <b>657,152,281</b>   | <b>67</b>        |
| Government transfers Kasungu                     | 1,629,246,222        | 1,492,749,739        | 92              | 1,474,261,891        | 1,351,647,368        | 92               |
| Locally generated revenues Kasungu               | 71,490,642           | 39,060,096           | 55              | 75,090,850           | 39,060,096           | 52               |
| <b>Total Revenues Kasungu</b>                    | <b>1,700,736,864</b> | <b>1,531,809,835</b> | <b>90</b>       | <b>1,549,352,741</b> | <b>1,531,809,835</b> | <b>99</b>        |

| Council Transfers and locally generated Revenues | 2017/2018            |                      |                 | 2016/2017            |                      |                  |
|--|----------------------|----------------------|-----------------|----------------------|----------------------|------------------|
|  | Approved Budget      | End Year Actuals     | Utilization (%) | Approved Budget      | End Year Actuals     | Utilization- (%) |
| Government transfers Likoma                      | 251,259,640          | 225,431,983          | 90              | 224,730,659          | 166,988,883          | 74               |
| Locally generated revenues Likoma                | 6,604,000            | 5,369,270            | 81              | 4,179,300            | 3,595,800            | 86               |
| <b>Total Revenue Likoma</b>                      | <b>257,863,640</b>   | <b>230,801,253</b>   | <b>90</b>       | <b>228,909,959</b>   | <b>170,584,683</b>   | <b>75</b>        |
| Government transfers Lilongwe                    | 2,899,549,321        | 2,633,304,874        | 91              | 2,617,291,349        | 2,385,904,945        | 91               |
| Locally generated revenues Lilongwe              | 269,299,220          | 1,291,518,260        | 480             | 267,775,479          | 268,043,670          | 100              |
| <b>Total Revenues Lilongwe</b>                   | <b>3,168,848,541</b> | <b>3,924,823,134</b> | <b>124</b>      | <b>2,885,066,828</b> | <b>2,653,948,615</b> | <b>92</b>        |
| Government transfers Machinga                    | 1,222,677,777        | 1,094,026,222        | 89              | 1,079,413,337        | 1,016,262,912        | 94               |
| Locally generated revenues Machinga              | 144,174,080          | 141,018,590          | 98              | 134,094,720          | 89,841,361           | 67               |
| <b>Total Revenues Machinga</b>                   | <b>1,366,851,857</b> | <b>1,235,044,812</b> | <b>90</b>       | <b>1,213,508,056</b> | <b>1,106,104,273</b> | <b>91</b>        |
| Government transfers Mangochi                    | 1,787,850,741        | 1,686,440,953        | 94              | 1,527,051,212        | 1,480,225,126        | 97               |
| Locally generated revenues Mangochi              | 137,742,000          | 121,093,828          | 88              | 131,199,997          | 95,248,175           | 73               |
| <b>Total Revenues Mangochi</b>                   | <b>1,925,592,741</b> | <b>1,807,534,782</b> | <b>94</b>       | <b>1,658,251,209</b> | <b>1,575,473,301</b> | <b>95</b>        |
| Government transfers Mchinji                     | 1,187,005,782        | 1,025,465,449        | 86              | 1,051,880,259        | 752,871,525          | 72               |
| Locally generated revenues Mchinji               | 112,160,000          | 150,800              | 0               | 75,706,000           | 7,407,950            | 10               |
| <b>Total Revenues Mchinji</b>                    | <b>1,299,165,782</b> | <b>1,025,616,249</b> | <b>79</b>       | <b>1,127,586,259</b> | <b>760,279,475</b>   | <b>67</b>        |
| Government transfers M'mbelwa                    | 2,134,400,868        | 1,352,193,983        | 63              | 1,924,986,477        | 1,335,563,186        | 69               |
| Locally generated revenues M'mbelwa              | 145,499,300          | 58,789,390           | 40              | 129,836,200          | 93,313,222           | 72               |
| <b>Total Revenues M'mbelwa</b>                   | <b>2,279,900,168</b> | <b>1,410,983,373</b> | <b>62</b>       | <b>2,054,822,677</b> | <b>1,428,876,408</b> | <b>70</b>        |
| Government transfers Mulanje                     | 1,384,795,685        | 1,270,878,934        | 92              | 1,215,249,767        | 1,134,041,632        | 93               |
| Locally generated revenues Mulanje               | 155,143,200          | 101,749,623          | 66              | 117,659,601          | 90,314,810           | 77               |
| <b>Total Revenues Mulanje</b>                    | <b>1,539,938,885</b> | <b>1,372,628,558</b> | <b>89</b>       | <b>1,332,909,368</b> | <b>1,224,356,442</b> | <b>92</b>        |
| Government transfers                             | 548,422,973          | 445,275,020          | 81              | 498,129,577          | 398,303,961          | 80               |
| Locally generated revenues                       | 47,920,000           | -                    | -               | 49,831,997           | 26,678,032           | 54               |
| <b>Total Revenues Mwanza</b>                     | <b>596,342,973</b>   | <b>445,275,020</b>   | <b>75</b>       | <b>547,961,574</b>   | <b>424,981,993</b>   | <b>78</b>        |
| Government transfers Neno                        | 626,619,818          | 471,181,865          | 75              | 551,344,861          | 541,267,803          | 98               |
| Locally generated revenues Neno                  | 52,725,617           | 15,589,630           | 30              | 38,228,435           | 21,903,771           | 57               |
| <b>Total Revenue Neno</b>                        | <b>679,345,435</b>   | <b>486,771,495</b>   | <b>72</b>       | <b>589,573,296</b>   | <b>563,171,574</b>   | <b>96</b>        |
| Government transfers Nkhata Bay                  | 1,062,207,172        | 947,018,904          | 89              | 956,563,443          | 882,805,834          | 92               |
| Locally generated revenues                       | 74,626,306           | 56,840,286           | 76              | 54,850,190           | 47,945,540           | 87               |

| Council Transfers and locally generated Revenues | 2017/2018            |                      |                 | 2016/2017            |                      |                  |
|--|----------------------|----------------------|-----------------|----------------------|----------------------|------------------|
|  | Approved Budget      | End Year Actuals     | Utilization (%) | Approved Budget      | End Year Actuals     | Utilization- (%) |
| <b>Total Revenues Nkhata Bay</b>                 | <b>1,136,833,478</b> | <b>1,003,859,190</b> | <b>88</b>       | <b>1,011,413,633</b> | <b>930,751,374</b>   | <b>92</b>        |
| Government transfers Nkhatakota                  | 1,042,360,179        | 929,334,730          | 89              | 919,034,793          | 436,275,606          | 47               |
| Locally generated revenues Nkhatakota            | 77,000,000           | 44,954,700           | 58              | 67,000,000           | 53,583,600           | 80               |
| <b>Total Revenues Nkhota kota</b>                | <b>1,119,360,179</b> | <b>974,289,430</b>   | <b>87</b>       | <b>986,034,793</b>   | <b>489,859,206</b>   | <b>50</b>        |
| Government transfers Nsanje                      | 892,539,079          | 704,334,375          | 79              | 771,672,407          | 747,558,542          | 97               |
| Locally generated revenues Nsanje                | 99,683,000           | 48,285,165           | 48              | 85,083,000           | 37,387,384           | 44               |
| <b>Total Revenues Nsanje</b>                     | <b>992,222,079</b>   | <b>752,619,540</b>   | <b>76</b>       | <b>856,755,407</b>   | <b>784,945,926</b>   | <b>92</b>        |
| Government transfers Ntcheu                      | 1,307,234,998        | 956,770,037          | 73              | 1,189,768,893        | 477,209,127          | 40               |
| Locally generated revenues Ntcheu                | 161,638,900          | 111,681,408          | 69              | 94,653,900           | 83,573,860           | 88               |
| <b>Total Revenues Ntcheu</b>                     | <b>1,468,873,898</b> | <b>1,068,451,445</b> | <b>73</b>       | <b>1,284,422,793</b> | <b>560,782,987</b>   | <b>44</b>        |
| Government transfers Ntchisi                     | 819,999,915          | 720,059,718          | 88              | 759,614,982          | 669,113,736          | 88               |
| Locally generated revenues Ntchisi               | 107,194,000          | 25,474,850           | 24              | 31,694,000           | 20,669,860           | 65               |
| <b>Total Revenues Ntchisi</b>                    | <b>927,193,915</b>   | <b>745,534,568</b>   | <b>80</b>       | <b>791,308,982</b>   | <b>689,783,596</b>   | <b>87</b>        |
| Government transfers Phalombe                    | 861,751,862          | 826,721,797          | 96              | 816,362,169          | 749,505,638          | 92               |
| Locally generated revenues Phalombe              | 60,590,000           | 38,783,220           | 64              | 55,900,000           | 40,633,500           | 73               |
| <b>Total Revenues Phalombe</b>                   | <b>922,341,862</b>   | <b>865,505,017</b>   | <b>94</b>       | <b>872,262,169</b>   | <b>790,139,138</b>   | <b>91</b>        |
| Government transfers Rumphhi                     | 835,572,667          | 629,247,184          | 75              | 737,139,525          | 519,204,322          | 70               |
| Locally generated revenues Rumphhi               | 72,794,000           | 22,282,000           | 31              | 66,730,000           | 50,557,579           | 76               |
| <b>Total Revenues Rumphhi</b>                    | <b>908,366,667</b>   | <b>651,529,184</b>   | <b>72</b>       | <b>803,869,525</b>   | <b>569,761,901</b>   | <b>71</b>        |
| Government transfers Salima                      | 1,033,161,217        | 900,796,097          | 87              | 915,791,913          | 854,248,877          | 87               |
| Locally generated revenues Salima                | 133,540,153          | 180,002,434          | 135             | 129,154,688          | 146,879,773          | 135              |
| <b>Total Revenues Salima</b>                     | <b>1,166,701,370</b> | <b>1,080,798,531</b> | <b>93</b>       | <b>1,044,946,601</b> | <b>1,001,128,650</b> | <b>93</b>        |
| Government transfers Thyolo                      | 1,419,535,865        | 1,250,039,106        | 88              | 1,211,355,172        | 1,250,039,106        | 103              |
| Locally generated revenues Thyolo                | 84,077,200           | 106,391,682          | 127             | 82,277,200           | 106,386,682          | 129              |
| <b>Total Revenues Thyolo</b>                     | <b>1,503,613,065</b> | <b>1,356,430,788</b> | <b>90</b>       | <b>1,293,632,372</b> | <b>1,356,425,788</b> | <b>105</b>       |
| Government transfers Zomba                       | 1,442,344,523        | 1,330,990,056        | 92              | 1,354,485,280        | -                    | -                |
| Locally generated revenues Zomba                 | 75,000,000           | 74,629,908           | 100             | 65,190,000           | -                    | -                |
| <b>Total Revenues Zomba</b>                      | <b>1,517,344,523</b> | <b>1,405,619,964</b> | <b>93</b>       | <b>1,419,675,280</b> | -                    | -                |

Source: National Local Government Finance Committee

# ***TECHNICAL NOTES***

## Technical Notes 1: Glossary of Terms

|                                 |  |
|---------------------------------|--|
| Accountability                  | Responsibility to answer for particular performance expectations to specific stakeholders. In this case, both, elected and non-elected officials/ duty bearers being answerable to the people and working to promoting the citizens' causes.   |
| Administrative decentralization | The degree to which the center confers on the local governments both the responsibility and the authority to be responsive to local circumstances in their determination, administration, and delivery of local programs.  |
| Central Government Transfers    | Funds transferred by the central government to local governments as stipulated by the Constitution and Local Government Act  |
| Constituency Development Fund   | A fund which established in 2006/2007 financial year in Malawi, to cater for immediate to short term projects as initiated by Members of Parliament.   |
| Dependency Ratio                | The dependency ratio measures the number of dependents (aged 0 – 14 and over 65) to the total working age population (aged 15 – 64).   |
| Duty bearers                    | Elected officials at national, district and community levels.  |
| Council                         | A local government made up of a political arm, composed of Councillors and other members and an administrative arm, which is the Council Secretariat.  |
| Councilor                       | A person who is elected, for a 5- year term, to represent the ward in the Council and is concerned with matters relating to services provided by the Council to the people of his/ her ward and the district as a whole.   |
| Decentralization                | The process by which central government gradually transfers some of its political power, responsibilities, financial and human resources to local governments thus empowering the latter with authority and resources to provide the necessary services in areas under their jurisdiction.   |
| Effectiveness                   | A measure of the extent to which an activity/intervention attains its objectives   |
| Efficiency                      | A measure of the outputs, both qualitative and quantitative, in relation to the inputs, to establish the least cost resources possible in order to achieve the desired results by comparing alternative approaches to achieving the same outputs. It also refers to how an entity manages the resources and time to produce an output. |
| Evaluation                      | The systematic and objective assessment of an on-going or completed development intervention, its design, implementation and results   |
| Evidenced based decision making | A decision-making process that is informed by factual information rather than opinions or other factors.   |
| General Resource Fund           | Represents unconditional grant by Central Government to the Local Authorities in line with Decentralization Policy.  |
| Fiscal decentralization         | The share of local government/ council expenditure in total national expenditure; or share of local government revenues in total government revenues.  |

|  |  |
|--|--|
| Gross Domestic Product (GDP)                       | The total final output of goods and services produced by the country's economy, within the country's territory, by both residents and non-residents.   |
| Gross Enrolment Rate (GER)                         | The total enrolment regardless of age expressed as a percentage of eligible official school-age population, showing a general level of participation in education.   |
| Gross Intake Ratio (GIR)                           | This is the total number of new entrants in standard one regardless of age expressed as a percentage of the population of official primary school-registration age.  |
| Gross National Income per capita                   | GDP per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) conversion rates.  |
| GDP per capita                                     | Total final output of goods and services of an economy divided by divided by total population of a given economy.  |
| Gender Parity Index (GPI)                          | The ratio of female to male GER at all levels, thus measures how balanced programs to boost enrolment and participation in education are.  |
| Traditional authority (TA)                         | This is a form of leadership in which the authority of an organization or a ruling regime is largely tied to tradition or custom.  |
| Human Development Index (HDI)                      | A summary measure of achievements in three key dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. It's a geometric mean of normalized indices for each of the three dimensions.  |
| Impact   | The positive and negative changes produced by a development project/ intervention, directly or indirectly, intended or unintended.   |
| Locally generated revenues                         | Funds which Councils mobilize from sources within areas under their jurisdiction from sources such as: property rates, ground rent, fees and licenses, commercial undertakings and service charges   |
| Inter-Governmental Fiscal Transfers System (IGFTS) | A system that uses a formula that determine how much should be disbursed to Councils. The formulae are based on a number of demographics, social and economic indicators such as, population size, literacy rates, mortality rates as poverty indicators and rurality  |
| Monitoring and Evaluation system (M&E)             | The data collection, analysis and reporting system used to track and measure progress for the planned activities using well defined and specific indicators and targets at impact, outcome, output and intervention levels. It includes institutional arrangements, roles and responsibilities standard approaches and methodologies employed in measuring implementation progress |
| Net Enrolment Rate (NER)                           | The ratio of the number of properly learners, at a given age group to the population of primary school going age within the same age group, thus explains the proportion of students enrolled in terms of official age group.  |
| Labor Force Participation Rates                    | The percentage of working population to the total population aged 15 to 64 years   |
| Local Development Plans                            | These are council plans that outline and prioritize the aspirations of the citizens of the district/ urban area. In the districts they are called District Development Plans while in the urban areas they are Urban Development Plans.  |

|   |   |
|---|---|
| Persons with disabilities                     | These are persons having difficulties or problems in one or all of the following areas; seeing, hearing, walking/climbing, speaking, intellectual, self-care and other difficulties.  |
| Political decentralization                    | The degree of decentralization of elections to lower tiers of government and governance structures.   |
| Pupil Teacher Ratio (PTR)                     | The ratio of the total number of pupils enrolled at specified level of education by the number of teachers. It is used to measure the level of human resource input in terms of the number of teachers in relation to the size of pupil population.   |
| Relevance                                     | The extent to which an intervention or activity is suited to the priorities and policies of the recipient target group and donor.   |
| Sector funds                                  | These are conditional grants from Central Government to the Local Authorities in support of the devolved functions.   |
| Service Committee                             | A sub-committee of the full Council provided under the Local Government Act to examine government policies and seeing how they can be applied at council level, to formulate by-laws and propose council activities in a given sectoral area  |
| Socio-Economic Profile (SEP)                  | A detailed description of the local government area in terms of its demographics, social status, economic and physical characteristics. Thus, it gives information on what the people do for their living, what food they depend on, where the most urgent development needs are, amongst others. |
| Sustainability                                | Measuring whether the benefits of an activity are likely to continue after a given project/ intervention has been ended.  |
| Transition Rate (Primary to Secondary School) | The number of pupils (or students) admitted to the first grade of a higher level of education in a given year, and this is expressed as a percentage of the number of pupils (or students) enrolled in the final grade of the lower level of education in the previous year.                      |
| Village Action Plans                          | The set of key priority needs from villages which form the basis for the district development planning process that are consolidated into the District Development Plans (DDPs) to ensure that the DDPs represent the priorities of the entire district.  |
| Reproductive Health                           | A state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity in all matters relating to the reproductive system and to its functions and processes.   |
| Urban Centers                                 | These commonly refer to the four cities of Malawi: Lilongwe, Blantyre, Zomba and Mzuzu cities.  |
| Fiscal space                                  | Budgetary room that allows government to provide resources for public purposes without undermining fiscal sustainability.   |

## Technical Notes 2: Technical note on computation of national, regional & district level HDI

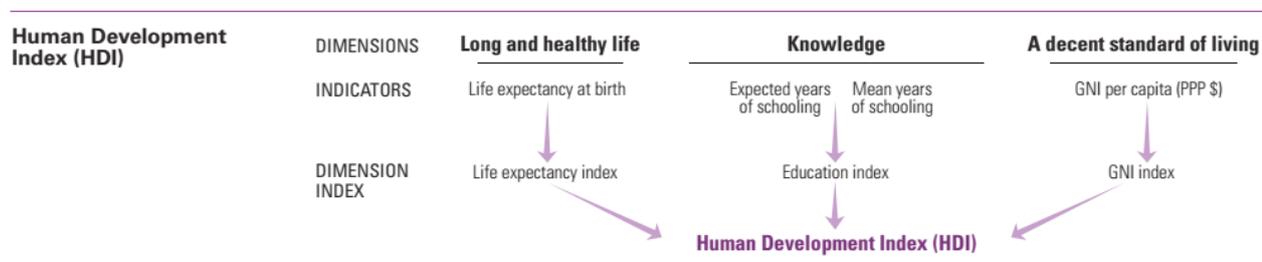
### 2.0 Introduction

The Seventh National Human Development Report for Malawi is unique in the sense that, for the first time, it estimates both regional and district Human development Index (HDI). This Technical Note presents the methodology for estimating the regional and district HDI, in line with the theme of the report: *“Promoting Sustainable Human Development and Institutional Accountability through a District Focused Approach”*.

### 2.1 The Human Development Index (HDI)

The Human Development Index (HDI) is a summary measure of achievements in three key dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. A long and health life is measured by life expectancy at birth, (ii) access to knowledge/education is measured by expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child’s life, and mean years of schooling which is the average number of years of schooling received in a life-time by people aged 25 years and older; and (iii) Standard of living measured by Gross National Income (GNI) per capita in purchasing power parity (PPP). The HDI is the geometric mean of normalized indices for each of the three dimensions.

Figure 2.1: Calculating the human development indices—graphical presentation



### 2.2 Data Sources for the Regional and District HDI

#### 2.2.1 Life expectancy at birth

The national, regional, district level life expectancy figures were obtained from the National Statistical Office (NSO) based on the recent 2018 National Housing and Population Census. The national life expectancy figure is also similar to those obtained from United Nations Indicators and World Health Organization (WHO) (<https://www.worldlifeexpectancy.com/malawi-life-expectancy>) and from <https://www.macrotrends.net/countries/MWI/malawi/life-expectancy>.

#### 2.2.2 Mean years of schooling:

According to UNESCO (2013) mean years of schooling indicates the average number of completed years of education of a country’s population, excluding years spent repeating individual grades. It’s computed by multiplying the proportion of age group that attained a given level of education by the official duration of that education level. The sum of the resulting values yields the MYS for the population under investigation.

Based on the above, UNESCO (2013) provides the formula for computation of the MYS as follows:

$$MYS = \sum_a \sum_l HS_{al} \times YS_{al}$$

Where:

- MYS : Mean Years of Schooling;
- HS<sub>al</sub> : Proportion of the population in age group a for which the level of education l is the highest level attained;
- YS<sub>al</sub> : Official duration of the level of education l for age group at the time when this age group was in school.

In the case of this study, data for computation of the national and district level MYS was obtained from the 2018 Population

and Housing Census. The official duration of education in Malawi used in the computation of the MYS is based on Malawi’s official education system, which according to Ministry of Education Science and Technology (2018), follows an 8–4–4 structure: 8 years of primary, 4 years of secondary and 4 years of tertiary level education. At the end of primary, students take Primary School Leaving Certificate Examinations (PSLCE), which determine their eligibility for entry into secondary school. At the end of four years of secondary education, students take the Malawi School Certificate of Education (MSCE) to qualify into tertiary education institutions provided by an array of education institutions including primary and secondary teacher training colleges (TTCs), Technical and Vocational Education Training (TVET) schools, and university colleges<sup>2</sup> (ibid).

### 2.2.3 Expected Years of Schooling (EYS)

EYS is a measure of the number of years of schooling a child at the start of his or her education is expected to receive, if current rates of enrolment are maintained throughout the child’s life (UNESCO, 2009; Rigotti et al., 2013). This indicator represents a measure that considers both stock and flow dimensions in the school system (Rigotti, et al., 2013).

The EYS, at the age  $\alpha$  at the start of the educational trajectory, are calculated by adding up specific rates of enrolment by age weighted by the respective amplitude of the age group, measured in year t, as explained in the formula below:

$$EYS = \sum_{\alpha}^{\omega} n \times nm_x$$

where  $nm_x = \frac{n f_x}{n P_x}$

such that:

- $\alpha$  = age at the start of school trajectory;
- $\omega$  = upper age limit
- n = age interval
- $n f_x$  = number of pupils between ages x and x+n enrolled in school, in year t
- $n P_x$  = population between ages x and x+n, in year t
- $nm_x$  = rate of enrolment of pupils between ages x and x+n, in year t

Using the EYS equation above, the resulting computed EYS values for the districts and cities in 2018 based on the following assumptions. According to the Statistics Unit of the Ministry of Education, Science and Technology, the is 4 years since some pupils start their primary education in standard I at 4 years, though the official starting age is 6 years, with  $\omega$  being 19 years<sup>3</sup>, thus an  $n = 14$  (age interval). This is understandable considering that the Ministry of Education, Science and Technology (2018) report shows that 65.4 percent of the standard one new entrants were 6 years (the official age of primary school entry) while 2.5 percent were under aged while 32.0 percent were over aged ranging from 7 years to 12 years. For secondary education, the is 13 years and  $\omega$  being 21 years<sup>4</sup> ( $n = 9$  years), while for tertiary education, its 17 to 29 years, hence n also equals 9.

The data on  $n f_x$  for primary, secondary and tertiary education is available in the 2019 Population and Housing Census produced by the National Statistics Office. The Ministry of Education, Science and Technology under its Education Management System (EMS) also has data but only for primary and secondary education levels. However, there are significant variations between the statistics reported by the two government bodies. Consultations with the responsible Ministry revealed that this problem is known to the two institutions and their position is that stakeholders should use the Ministry’s data, deemed as close to reality. The Ministry’s data on number of learners in the above age ranges enrolled in school in 2018 were used in the analysis.

The data for  $n P_x$  was obtained from the 2018 Population and Housing Census. The only drawback associated with the said data set is that though at the national level, male and females ages are presented separately, the same is not the case for districts (i.e. only aggregates for at district levels). This rendered the task of computing district level EYS untenable. Thus, the analysis provides sex disaggregated EYS at national level but not district.

1 Previously, secondary education comprised 2 years of Junior Certificate of Education before proceeding to another 2 years to obtain a Malawi School Certification of Education.  
 2 Also, for those that obtain other certificates such as an A Level, they require an additional 1 year after secondary education, and for a diploma its 2 years.  
 3 In fact, according to the Socio-Economic Profile for Lilongwe district (2017-22), 28 percent of the primary school pupils in the district are in the age range of 15-19 years, way above the official age range of 6-14 years.  
 4 Though the Statistics Unit of the Ministry of Education, Science and Technology indicated some few secondary school learners can have the upper age limit of even 25 years (most of often repeaters).

## 2.2.4 Estimation of income (GNI per capita)

The World Bank's 2019 World Development Indicators database contains estimates of GNI per capita in constant 2011 purchasing power parity (PPP) terms for many countries. For countries missing this indicator (entirely or partly), the Human Development Report Office (HDRO) calculates it by converting GNI per capita in local currency from current to constant terms using two steps. First, the value of GNI per capita in current terms is converted into PPP terms for the base year (2011). Second, a time series of GNI per capita in constant 2011 PPP terms is constructed by applying the real growth rates to the GNI per capita in PPP terms for the base year. The real growth rate is implied by the ratio of the nominal growth of GNI per capita in current local currency terms to the GDP deflator. Malawi's GNI per capita in PPP 2011 constant prices is \$1163.3 obtained from trading economics (<https://tradingeconomics.com/malawi/gdp-per-capita-ppp>)

For several countries without a value of GNI per capita in constant 2011 PPP terms for 2018 reported in the World Development Indicators database, real growth rates of GDP per capita available in the World Development Indicators database or in the International Monetary Fund's World Economic Outlook database are applied to the most recent GNI values in constant PPP terms.

## 2.3 Estimation of regional and District Income Data

The estimation of district income adopted the employment-based approach as grounded in the Philips curve hypothesis. As pointed out by Mankiw (2009), a very important determinant of a country's standard of living is the amount of unemployment it typically experiences. In that regard, people who would like to work but cannot find a job are not contributing to the economy's production of goods and services, and the opposite is true. When a country keeps its workers as fully employed as possible, it achieves a higher level of GDP than it would if it left many of its workers standing idle.

With this background, the approach involved three steps to estimate the district/regional GDP. The first step involved computing the employment rate for each region or district relative to the country's total population in order to obtain the contribution/proportion of each district/region to the country's total employment. The second step involved apportioning the 2019 national GDP (in constant 2011 prices) using the employment rates (proportions) as calculated in step 1 (Note that this considers employment in all sectors including agriculture sector, unlike nighttime lights approach that first splits the tertiary and secondary GDP i.e. non-agricultural GDP) according to the share of the sum of sum of lights, and the agricultural GDP is distributed among the districts in proportion to their share of the rural population (under the assumption that urban populations do not produce agricultural output).

While nighttime approach seemed a more plausible option, there was a challenge to extract nighttime lights data by cities—the city and non-city parts for the four cities were combined. The other option available was to use the electricity consumption (or number of electricity connections as proxy) but we encountered the same challenge as with the night-time lights approach. The third step involved calculating the GDP per capita by dividing the regional and districts GDP figures by their respective populations and converting these into 2011 purchasing power parity (PPP) constant US\$ prices. These were finally applied to the regional and district GNI per capita figures to obtain the GNI (income) index.

## 2.4 Steps to computation of the Human Development Index

### Step 1. Creating the dimension indices

The first step in the calculation of HDI involves calculating dimensional indices. To do so, minimum and maximum values (goalposts) are set in order to transform the indicators expressed in different units into indices between 0 and 1. These goalposts act as the "natural zeros" and "aspirational targets," respectively, from which component indicators are standardized (see equation 1 below). They are set at the following values:

| Dimension          | Indicator   | Minimum | Maximum |
|--------------------|---|---------|---------|
| Health             | Life expectancy (years)                                 | 20      | 85      |
| Education          | Expected years of schooling (years)                     | 0       | 18      |
|                    | Mean years of schooling (years)                         | 0       | 15      |
| Standard of living | Gross national/district income per capita (2011 PPP \$) | 100     | 75,000  |

Source: Include source

Each dimension index is computed as follows:

$$\text{Dimension index} = \frac{\text{actual value} - \text{minimum value}}{\text{maximum value} - \text{minimum value}}$$

For the education dimension, equation (1) is first applied to each of the two indicators, and then the arithmetic mean of the two resulting indices is taken. Using the arithmetic mean allows perfect substitutability between mean years of schooling and expected years of schooling.

## Step 2. Aggregating the dimensional indices to produce the Human Development Index

The second step in the calculation of the HDI is the aggregating the dimensional indices to produce the HDI which is calculated as the geometric mean of normalized indices for each of the three dimensions as follows:

$$\text{HDI} = (I_{\text{Health}} \cdot I_{\text{Education}} \cdot I_{\text{Income}})^{1/3}$$

The 2014 Human Development Report introduced fixed cut-off points for four categories of human development achievements. The cut-off points (COP) are the HDI values calculated using the quartiles (q) from the distributions of the component indicators averaged over 2004–2013:

$$\text{COP}_q = \text{HDI} (LE_q, EYS_q, MYS_q, \text{GNIpcq}), q = 1, 2, 3.$$

For example, LE1, LE2 and LE3 denote three quartiles of the distribution of life expectancy across countries.

This MNHDR for Malawi adopts same cut-off points of the HDI for grouping countries that were introduced in the 2014 Report as follows:

|                             |                 |
|-----------------------------|-----------------|
| Very high human development | 0.800 and above |
| High human development      | 0.700–0.799     |
| Medium human development    | 0.550–0.699     |
| Low human development       | Below 0.550     |

Note the 7<sup>th</sup> Edition of MNHDR for Malawi did not compute the other indices of human development such as Inequality Adjusted Human Development Index (IHDI), Gender Development Index (GDI) and Inequality development Index (IDI) due to lack of data availability. These were obtained from the 2018 MNHDR.

## Technical Notes 3: Governance Indicators

The Malawi Growth and Development Strategy (MGDS III) recognizes the importance of governance in ensuring that decision-making processes in development interventions are carried out and implemented effectively. This annex discusses some of the governance indicators that reflect governance conditions which are critical for delivering sustainable human development. The Worldwide Governance Indicators (WGI) from which the governance indicators presented herein are drawn simply give aggregate indicators. These indicators are only available at national level; hence one can only make international comparisons<sup>5</sup>. For purposes of this analysis, we look at six common dimensions of governance, namely: Global Peace Index; Voice and Accountability; Political Stability and Absence of Violence/Terrorism; Government Effectiveness; Regulatory Quality; Rule of Law and Control of Corruption.

<sup>5</sup> This means that if Malawi wants to have district governance indicators, she must make the necessary investments in data collection and analysis to achieve to achieve this goal.

### 3.1 Global Peace Index

The Global Peace Index (GPI) ranks countries according to their level of peacefulness based on three thematic domains, namely: society safety and security, the extent of ongoing domestic and international conflict and the degree of militarization. Malawi has generally been a peaceful country since its independence in 1964 unlike several other African countries such as the neighboring Mozambique that has gone through decades of war, Somalia, Eritrea, Rwanda, Democratic Republic of Congo (DRC) and other countries. The Global Peace Index (2019) ranks Malawi 3<sup>rd</sup> most peaceful country in Africa after Mauritius and Botswana and is ranked 40<sup>th</sup> in the world. This reflects an improvement by four places from 2018 where it was ranked 7<sup>th</sup> in Africa and 36<sup>th</sup> in the world. The GPI (2019) ranks Malawi's neighboring countries of Zambia and Tanzania at 5<sup>th</sup> and 7<sup>th</sup> in Africa and 48<sup>th</sup> and 54<sup>th</sup> in the world, respectively. Without the peace that Malawi has enjoyed over the decades, the economy would have been worse given the economy's fragility with limited resource endowment. As a result of this peace, Malawi has hosted refugees from Mozambique, DRC, Burundi, Rwanda, Somalia and other countries with dedicated refugee camp established in the Central Malawi district of Dowa.

### 3.2 Voice and Accountability

Voice and accountability as defined by WGI reflects perceptions of the extent to which a country's citizens participate in electing their government, as well as freedom of expression, freedom of association, and a free media. Malawi's voice and accountability estimate has generally been weak from -0.19 with percentile rank of 40.76 in 2010 to an estimate of -0.09 with percentile rank of 41.87 in 2019 (WGI, 2020). In comparison, South Africa has the higher percentile rank of 69.46 while Mozambique and Rwanda have relatively lower percentile ranks of 12.0 and 18.72 in 2019, respectively (Table 3.1)

**Table 3.1: Trend in Malawi's voice and accountability ranking relative to selected countries**

| Year |          | Mozambique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|------------|--------|--------|----------|--------------|--------|----------|
| 2010 | Estimate | -0.12      | -0.19  | -1.33  | -0.13    | 0.60         | -0.24  | -1.48    |
|      | Rank     | 43.60      | 40.76  | 11.85  | 43.13    | 67.30        | 38.39  | 8.06     |
| 2011 | Estimate | -0.20      | -0.25  | -1.33  | -0.14    | 0.59         | -0.17  | -1.46    |
|      | Rank     | 41.31      | 39.44  | 11.74  | 43.66    | 66.67        | 42.25  | 7.98     |
| 2012 | Estimate | -0.20      | -0.21  | -1.28  | -0.18    | 0.58         | -0.13  | -1.47    |
|      | Rank     | 42.72      | 42.25  | 13.62  | 43.19    | 66.20        | 44.13  | 7.51     |
| 2013 | Estimate | -0.26      | -0.18  | -1.21  | -0.20    | 0.60         | -0.11  | -1.39    |
|      | Rank     | 39.44      | 42.72  | 15.02  | 42.25    | 66.20        | 44.13  | 9.86     |
| 2014 | Estimate | -0.25      | -0.06  | -1.11  | -0.19    | 0.64         | -0.11  | -1.26    |
|      | Rank     | 39.41      | 46.80  | 17.73  | 41.38    | 68.97        | 44.33  | 13.79    |
| 2015 | Estimate | -0.27      | -0.01  | -1.14  | -0.23    | 0.65         | -0.07  | -1.17    |
|      | Rank     | 37.44      | 46.80  | 17.24  | 38.42    | 70.44        | 44.83  | 15.76    |
| 2016 | Estimate | -0.42      | -0.03  | -1.16  | -0.23    | 0.65         | -0.31  | -1.18    |
|      | Rank     | 34.48      | 45.81  | 15.76  | 39.41    | 69.46        | 35.96  | 14.78    |
| 2017 | Estimate | -0.42      | -0.03  | -1.12  | -0.29    | 0.64         | -0.34  | -1.20    |
|      | Rank     | 33.50      | 44.83  | 16.26  | 36.95    | 68.97        | 35.96  | 14.78    |
| 2018 | Estimate | -0.47      | -0.06  | -1.13  | -0.36    | 0.66         | -0.32  | -1.12    |
|      | Rank     | 33.00      | 42.36  | 16.75  | 34.48    | 70.44        | 35.96  | 17.24    |
| 2019 | Estimate | -0.51      | -0.09  | -1.08  | -0.50    | 0.67         | -0.29  | -1.14    |
|      | Rank     | 12.00      | 41.87  | 18.72  | 32.02    | 69.46        | 36.95  | 16.75    |

Source: Worldwide Governance Indicators (2018)

The voice and accountability are considered as a right of the citizens to demand for social justice. This has helped

to hold the government and duty bearers to account. This voice and accountability has manifested in various ways including the civil unrest and demonstrations over various issues that affect the citizenry. The importance of voice and accountability is that it has influenced and shaped the policy discourse with the aim of achieving social justice, equity and a decent quality of life for the citizenry especially the marginalized people.

### 3.3 Control of Corruption (Corruption Perception Index)

Control of corruption reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests. A study by Transparency International ranks Malawi position 123 out of 180 countries with a low score of 31/100 in 2019, a decline from position 120 out of 180 countries in 2018 (see 8.2). Some of the notable most corrupt public institutions include the Department of emigration, the Malawi Police, Land Administration, Legislation and Directorate of Road Traffic and Safety Services (DRTSS)<sup>6</sup>. In comparison, Botswana, Rwanda and Namibia are the top three relatively cleaner countries in Africa ranking 34, 51 and 56 out of 180 countries, respectively. Tanzania, Malawi’s neighboring country in the north is improving with a score 37/100 and ranked 96 in 2019 from position 103 out of 180 countries in 2017, while Zambia ranks position 113 in 2019 from 96 in 2017.

**Table 3.2: Trend in Malawi’s Corruption Perception Index ranking relative to selected countries**

| Country      | 2019      |      | 2018      |      | 2017      |      | 2016      | 2015      | 2014      | 2013      | 2012      |
|--------------|-----------|------|-----------|------|-----------|------|-----------|-----------|-----------|-----------|-----------|
|              | CPI score | Rank | CPI score | Rank | CPI score | Rank | CPI score |
| Botswana     | 61        | 34   | 61        | 34   | 61        | 34   | 60        | 63        | 63        | 64        | 65        |
| Rwanda       | 53        | 51   | 56        | 48   | 55        | 48   | 54        | 54        | 49        | 53        | 53        |
| Namibia      | 52        | 56   | 53        | 52   | 51        | 53   | 52        | 53        | 49        | 48        | 48        |
| South Africa | 44        | 70   | 43        | 73   | 43        | 71   | 45        | 44        | 44        | 42        | 43        |
| Tanzania     | 37        | 96   | 36        | 99   | 36        | 103  | 32        | 30        | 31        | 33        | 35        |
| Zambia       | 34        | 113  | 35        | 105  | 37        | 96   | 38        | 38        | 38        | 38        | 37        |
| Malawi       | 31        | 123  | 32        | 120  | 31        | 122  | 31        | 31        | 33        | 37        | 37        |
| Mali         | 29        | 130  | 32        | 120  | 31        | 122  | 32        | 35        | 32        | 28        | 34        |
| Kenya        | 28        | 137  | 27        | 144  | 28        | 143  | 26        | 25        | 25        | 27        | 27        |
| Nigeria      | 26        | 146  | 27        | 144  | 27        | 148  | 28        | 26        | 27        | 25        | 27        |
| Mozambique   | 26        | 146  | 23        | 158  | 25        | 153  | 27        | 31        | 31        | 30        | 31        |
| Zimbabwe     | 24        | 158  | 22        | 160  | 22        | 157  | 22        | 21        | 21        | 21        | 20        |

**Source: Transparency International (2020); Corruption Perception Index 2019. [www.transparency.org/cpi](http://www.transparency.org/cpi)**

The consistently low corruption score in Malawi has negative implications for service delivery at both national and subnational levels including district and city councils. Within the councils, potential corruption activities border around revenue collection and utilization, public procurement and legislation, among others. While the government has made important strides in fighting against corruption such as creation of the Malawi Anti-Corruption Bureau (ACB), laws, policies and strategies, the progress seems to have stagnated. This is also hampered by poor enforcement of the legal framework. Fighting corruption at all levels particularly at district level is critical in enhancing service delivery and promoting local economic development.

### 3.4 Political Stability and Absence of Violence/Terrorism

Political stability and absence of violence/terrorism measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism. Malawi has generally remained politically stable since independence in 1964 to the dawn of multiparty democracy in 1994. However, the country has experienced some political instability especially during the election periods. The most recent is the post-2019 May tripartite elections that was characterized by political violence following the disputed presidential elections and subsequent nullification thereof by the high court of Malawi, dubbed the Constitution Court on February 3, 2020. The post-2019 May election violence were characterized by mass demonstrations by the general citizenry. These negatively affected

<sup>6</sup> <https://www.ganintegrity.com/portal/country-profiles/malawi/> [accessed on 8 May 2020] and ACB and NSO Integrity Survey, 2019

economic activities by disrupting businesses and other essential activities thereby threatening the economic security of most people. According to the WGI (2020), Malawi registered positive estimate scores in 2010, 2014 and 2015. By 2017, Malawi's political stability had declined to an estimate of -0.27 with percentile rank of 37.14 while Rwanda is relatively stable politically with a positive estimate score of 0.12 and percentile rank of 52.38 as shown in (Table 3.3)

**Table 3.3 Trend in Malawi's political stability ranking relative to selected countries**

| Year |          | Mozambique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|------------|--------|--------|----------|--------------|--------|----------|
| 2010 | Rank     | 68.72      | 46.45  | 28.44  | 47.87    | 41.23        | 64.93  | 14.22    |
|      | Estimate | 0.39       | 0.04   | -0.27  | 0.01     | -0.03        | 0.52   | -1.10    |
| 2011 | Rank     | 58.29      | 47.87  | 36.02  | 46.45    | 45.02        | 63.03  | 13.74    |
|      | Estimate | 0.33       | -0.07  | -0.18  | -0.02    | 0.02         | 0.51   | -0.95    |
| 2012 | Rank     | 58.29      | 42.65  | 39.81  | 46.45    | 48.82        | 63.51  | 19.43    |
|      | Estimate | 0.39       | 0.00   | -0.23  | 0.05     | -0.03        | 0.66   | -0.78    |
| 2013 | Rank     | 59.24      | 44.55  | 38.39  | 47.39    | 43.13        | 68.25  | 21.80    |
|      | Estimate | -0.23      | -0.21  | -0.11  | -0.16    | -0.05        | 0.44   | -0.67    |
| 2014 | Rank     | 38.39      | 38.86  | 42.18  | 40.76    | 45.02        | 61.61  | 24.17    |
|      | Estimate | -0.34      | 0.08   | -0.31  | -0.60    | -0.15        | 0.16   | -0.71    |
| 2015 | Rank     | 32.38      | 50.00  | 35.24  | 25.24    | 40.00        | 52.38  | 22.38    |
|      | Estimate | -0.51      | 0.03   | 0.01   | -0.42    | -0.21        | 0.15   | -0.62    |
| 2016 | Rank     | 27.62      | 48.10  | 45.71  | 31.43    | 39.52        | 53.33  | 24.29    |
|      | Estimate | -1.09      | -0.11  | -0.05  | -0.44    | -0.14        | 0.14   | -0.62    |
| 2017 | Rank     | 12.86      | 41.90  | 44.76  | 29.05    | 40.00        | 51.43  | 24.76    |
|      | Estimate | -0.98      | -0.27  | 0.04   | -0.58    | -0.27        | 0.11   | -0.77    |
| 2018 | Rank     | 14.29      | 35.24  | 47.62  | 25.71    | 35.71        | 50.48  | 18.10    |
|      | Estimate | -0.81      | -0.42  | 0.12   | -0.56    | -0.22        | 0.09   | -0.71    |
| 2019 | Rank     | 18.57      | 30.48  | 53.33  | 26.67    | 39.05        | 50.95  | 20.48    |
|      | Estimate | -0.75      | -0.27  | 0.12   | -0.36    | -0.22        | -0.10  | -0.92    |
|      | Rank     | 20.00      | 37.14  | 52.38  | 32.86    | 40.00        | 43.81  | 14.76    |

Source: Worldwide Governance Indicators (2020)

### 3.5 Government Effectiveness

Government effectiveness reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. The WGI (2020) show that Malawi's governance effectiveness is declining. Malawi registered one of the lowest percentiles ranks of 22.6 with estimate of -0.75 in 2019, reflecting weak governance effectiveness. When compared with other countries, both Zambia and Tanzania have negative estimates with similar percentile ranks of 27.4 and 17.3, respectively. On the other hand, Rwanda and South Africa have positive estimates with high percentile ranks of 60.58 and 66.35, respectively, reflecting relatively strong governance effectiveness.

**Table 3.4: Trend in government effectiveness ranking for Malawi and selected countries**

| Year |          | Mozambique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|------------|--------|--------|----------|--------------|--------|----------|
| 2010 | Estimate | -0.58      | -0.41  | -0.05  | -0.60    | 0.39         | -0.85  | -1.51    |
|      | Rank     | 33.97      | 41.63  | 52.15  | 32.54    | 66.51        | 21.53  | 3.83     |

| Year |          | Mozambique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|------------|--------|--------|----------|--------------|--------|----------|
| 2011 | Estimate | -0.64      | -0.43  | 0.07   | -0.65    | 0.41         | -0.66  | -1.37    |
|      | Rank     | 29.86      | 41.71  | 57.35  | 29.38    | 66.35        | 28.91  | 6.16     |
| 2012 | Estimate | -0.63      | -0.48  | -0.05  | -0.69    | 0.35         | -0.48  | -1.34    |
|      | Rank     | 31.28      | 38.39  | 53.55  | 28.44    | 63.98        | 38.86  | 7.11     |
| 2013 | Estimate | -0.61      | -0.48  | 0.02   | -0.71    | 0.44         | -0.49  | -1.28    |
|      | Rank     | 31.75      | 37.44  | 55.92  | 27.49    | 66.35        | 36.49  | 9.48     |
| 2014 | Estimate | -0.72      | -0.63  | -0.03  | -0.66    | 0.34         | -0.50  | -1.21    |
|      | Rank     | 24.04      | 27.88  | 55.29  | 26.44    | 65.87        | 33.17  | 11.54    |
| 2015 | Estimate | -0.75      | -0.67  | -0.05  | -0.61    | 0.26         | -0.56  | -1.16    |
|      | Rank     | 23.08      | 26.92  | 51.92  | 30.29    | 64.90        | 32.21  | 12.02    |
| 2016 | Estimate | -0.86      | -0.73  | 0.09   | -0.55    | 0.27         | -0.66  | -1.16    |
|      | Rank     | 18.75      | 22.60  | 56.73  | 34.13    | 64.90        | 27.40  | 11.06    |
| 2017 | Estimate | -0.89      | -0.67  | 0.26   | -0.63    | 0.28         | -0.62  | -1.19    |
|      | Rank     | 18.27      | 24.52  | 63.46  | 28.37    | 65.38        | 28.85  | 11.54    |
| 2018 | Estimate | -0.87      | -0.73  | 0.21   | -0.76    | 0.34         | -0.56  | -1.20    |
|      | Rank     | 17.79      | 22.12  | 62.02  | 21.15    | 66.35        | 33.17  | 10.58    |
| 2019 | Estimate | -0.82      | -0.75  | 0.19   | -0.88    | 0.37         | -0.68  | -1.21    |
|      | Rank     | 18.75      | 22.60  | 60.58  | 17.31    | 66.35        | 27.40  | 10.58    |

Source: Worldwide Governance Indicators (2020)

Our study across the 27 districts in Malawi's city and district councils on the perception of quality of public services revealed that there is a general dissatisfaction with the quality of public service delivery in various sectors including education, health and agriculture. Among others, the poor service provision results from limited funding from central government which has been dwindling due to limited fiscal space.

The Government of Malawi has been implementing public sector reforms which were launched in 2015. The reforms were aimed at effectively transform the nation through effectiveness, efficiency and high-level professionalism. Some notable reforms include the education sector reforms and public service management reforms. Under the public service management reform, the Government developed the Malawi Public Service Management Policy, among others, which provide framework for the management of the Public Service to effectively deliver public goods and services and facilitate the country's development in line with the national development agenda as provided for in the national vision and MGDS.

### 3.6 Regulatory Quality

Regulatory quality under Worldwide Governance Indicators reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. **Table 3.5** shows the regulatory quality rank for Malawi and other countries.

**Table 3.5: Trend in regulatory quality ranking for Malawi and selected countries**

| Year |          | Mozambique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|------------|--------|--------|----------|--------------|--------|----------|
| 2010 | Estimate | -0.40      | -0.57  | -0.20  | -0.42    | 0.36         | -0.50  | -2.07    |
|      | Rank     | 38.28      | 31.58  | 46.41  | 36.36    | 62.20        | 34.45  | 1.91     |
| 2011 | Estimate | -0.43      | -0.70  | -0.14  | -0.42    | 0.41         | -0.44  | -1.93    |
|      | Rank     | 36.02      | 26.54  | 48.34  | 36.49    | 63.03        | 35.55  | 2.37     |
| 2012 | Estimate | -0.45      | -0.70  | -0.10  | -0.39    | 0.38         | -0.43  | -1.89    |
|      | Rank     | 36.02      | 27.01  | 49.76  | 37.91    | 63.51        | 36.97  | 1.90     |
| 2013 | Estimate | -0.40      | -0.69  | 0.01   | -0.33    | 0.42         | -0.47  | -1.84    |
|      | Rank     | 36.97      | 26.54  | 53.55  | 41.23    | 64.45        | 34.60  | 2.37     |

| Year |          | Mozam-<br>bique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|-----------------|--------|--------|----------|--------------|--------|----------|
| 2014 | Estimate | -0.41           | -0.80  | 0.25   | -0.33    | 0.29         | -0.50  | -1.90    |
|      | Rank     | 37.02           | 25.00  | 61.06  | 41.35    | 62.98        | 32.69  | 2.40     |
| 2015 | Estimate | -0.50           | -0.82  | 0.24   | -0.37    | 0.28         | -0.44  | -1.65    |
|      | Rank     | 35.10           | 22.60  | 61.54  | 40.38    | 62.98        | 36.54  | 3.37     |
| 2016 | Estimate | -0.70           | -0.84  | 0.11   | -0.44    | 0.21         | -0.48  | -1.72    |
|      | Rank     | 25.00           | 19.71  | 57.69  | 35.58    | 62.02        | 32.69  | 3.37     |
| 2017 | Estimate | -0.73           | -0.75  | 0.15   | -0.58    | 0.23         | -0.47  | -1.56    |
|      | Rank     | 25.00           | 23.56  | 60.58  | 29.81    | 62.50        | 33.65  | 3.85     |
| 2018 | Estimate | -0.75           | -0.68  | 0.09   | -0.62    | 0.13         | -0.48  | -1.50    |
|      | Rank     | 22.60           | 25.48  | 58.65  | 29.33    | 60.58        | 34.13  | 5.29     |
| 2019 | Estimate | -0.72           | -0.70  | 0.08   | -0.64    | 0.16         | -0.55  | -1.46    |
|      | Rank     | 23.08           | 24.52  | 58.17  | 27.88    | 61.54        | 31.25  | 6.25     |

Source: Worldwide Governance Indicators (2020)

Table 3.5 shows that the trend in Malawi's regulatory quality has been weak and declining from an estimate of -0.57 and a percentile rank of 31.58 in 2010 to an estimate of -0.70 and percentile rank of 24.52 in 2019. Both Tanzania and Zambia, Malawi's neighboring countries have negative estimates as well with percentile ranks of 27.88 and 31.25, respectively. Again, Rwanda and South Africa have experienced improved regulatory quality with positive estimates and high percentile ranks above 50.

### 3.7 Rule of Law

Rule of law reflects perceptions of the extent to which agents have confidence in and abide by the rules of society and, in particular, the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Table 3.6 presents the trend in rule of law for Malawi and some selected countries in Africa.

Table 3.6: Trend in rule of law ranking for Malawi and selected countries

| Year |          | Mozam-<br>bique | Malawi | Rwanda | Tanzania | South Africa | Zambia | Zimbabwe |
|------|----------|-----------------|--------|--------|----------|--------------|--------|----------|
| 2010 | Estimate | -0.47           | -0.13  | -0.33  | -0.49    | 0.14         | -0.49  | -1.82    |
|      | Rank     | 39.34           | 51.18  | 45.50  | 37.91    | 59.24        | 36.97  | 0.95     |
| 2011 | Estimate | -0.57           | -0.16  | -0.31  | -0.51    | 0.15         | -0.46  | -1.78    |
|      | Rank     | 32.86           | 49.77  | 46.01  | 36.62    | 60.09        | 40.85  | 0.94     |
| 2012 | Estimate | -0.59           | -0.22  | -0.27  | -0.53    | 0.11         | -0.37  | -1.63    |
|      | Rank     | 32.86           | 48.36  | 46.95  | 38.03    | 58.22        | 44.13  | 1.88     |
| 2013 | Estimate | -0.82           | -0.16  | -0.15  | -0.47    | 0.16         | -0.27  | -1.58    |
|      | Rank     | 23.00           | 50.23  | 50.70  | 40.38    | 59.15        | 46.48  | 2.35     |
| 2014 | Estimate | -0.81           | -0.29  | 0.06   | -0.40    | 0.18         | -0.24  | -1.43    |
|      | Rank     | 21.15           | 45.19  | 60.58  | 39.90    | 64.42        | 47.12  | 4.81     |
| 2015 | Estimate | -0.85           | -0.31  | 0.05   | -0.37    | 0.09         | -0.23  | -1.32    |
|      | Rank     | 20.67           | 45.19  | 58.17  | 42.31    | 59.13        | 47.12  | 6.25     |
| 2016 | Estimate | -1.05           | -0.38  | 0.10   | -0.38    | 0.12         | -0.30  | -1.37    |
|      | Rank     | 13.46           | 38.46  | 57.21  | 37.98    | 58.65        | 43.27  | 8.17     |
| 2017 | Estimate | -1.01           | -0.37  | 0.13   | -0.45    | -0.01        | -0.33  | -1.38    |
|      | Rank     | 15.38           | 39.90  | 58.65  | 34.62    | 52.40        | 41.35  | 7.69     |
| 2018 | Estimate | -1.04           | -0.38  | 0.12   | -0.56    | -0.10        | -0.35  | -1.27    |
|      | Rank     | 14.90           | 39.42  | 58.17  | 31.25    | 50.96        | 41.35  | 8.17     |
| 2019 | Estimate | -1.02           | -0.33  | 0.08   | -0.58    | -0.08        | -0.46  | -1.26    |
|      | Rank     | 14.90           | 42.79  | 56.25  | 29.33    | 50.96        | 35.10  | 8.17     |

Source: Worldwide Governance Indicators (2020)

The **Table 3.6** shows that Malawi's rule of law is weak with an estimate of -0.33 and a low percentile ranking of 42.79 in 2019. Malawi's performance of rule of law is not quite different from her neighbouring countries. For instance, Tanzania has a weak estimate of -0.58 with a percentile rank of 29.33 while Zambia has an estimate of -0.46 and percentile rank of 35.10.

## Technical Notes 4: Environmental Performance Indicators

This Annexes presents a number of Environmental performance Indicators that as also key for sustainable human development. Malawi's natural resources and the environment is the country's natural capital but is currently under intense pressure from several factors including population growth, agricultural expansion and climate change.

### 4.1 Overall Environmental Performance Indicators

Environmental Performance Index (EPI) Framework ranks countries on 24 indicators across 10 categories, covering two broad themes of 'environmental health' and 'ecosystem's vitality'. According to the 2020 Environmental Performance Index (EPI), Malawi is ranked 112 out of 180 countries with an overall score of 38.3. This represent a decline in EPI from 127 out of 180 countries with an overall score of 49.21 in 2018 (Wendling et al., 2020) (**Table 4.1**). When compared with other countries, Zambia ranks 132, Tanzania 150 and South Africa 95 out of 180 countries in 2019. Low scores on the EPI suggest the need for Malawi to put efforts on many fronts, especially cleaning up air quality, protecting biodiversity, and reducing anthropogenic activities that induce GHG emissions.

**Table 4.1: EPI ranking for Malawi and selected countries**

| Country       | 2018       |              | 2019       |             |
|---------------|------------|--------------|------------|-------------|
|               | Rank       | Score        | Rank       | Score       |
| Botswana      | 113        | 51.7         | 103        | 40.4        |
| Zambia        | 117        | 50.97        | 132        | 34.7        |
| Tanzania      | 119        | 50.83        | 150        | 31.1        |
| <b>Malawi</b> | <b>127</b> | <b>49.21</b> | <b>112</b> | <b>38.3</b> |
| Mozambique    | 137        | 46.37        | 136        | 33.9        |
| South Africa  | 142        | 44.73        | 95         | 43.1        |

**Source: 2018 and 2020 EPI, Yale University** (Wendling et al., 2018 and Wendling et al., 2020)

### 4.2 Forestry cover

Renewable natural resources are also under intense pressure. According to the World Bank (2019), the last 40 years have seen more than half of Malawi's forests and woodlands vanishing, while those that remain are being 'thinned' through over-extraction and more frequent forest fires. This is notwithstanding the fact that forests make a substantial contribution to livelihoods and the economy and play a critical role in protecting vital ecosystem services. Forest biomass also constitute the dominant source of energy supply in Malawi in the form of charcoal and firewood, a contribution worth \$352 million in 2017, equivalent to 4.7 percent of GDP. Malawi has one of the fastest rates of annual decline in forest area of 8.8 percent (Sachs et al., 2018). As such, the country needs to devise policies to curb deforestation and forest degradation of the environment and control of forest fires, illegal logging, and land conversion for other agricultural purposes that continue to threaten the environment in Malawi. Increased use of biomass fuel to meet the energy needs of both rural and urban households that contribute to black carbon emission and other greenhouse gases that affect environmental health calls for strategies to reduce dependence of biomass fuel.

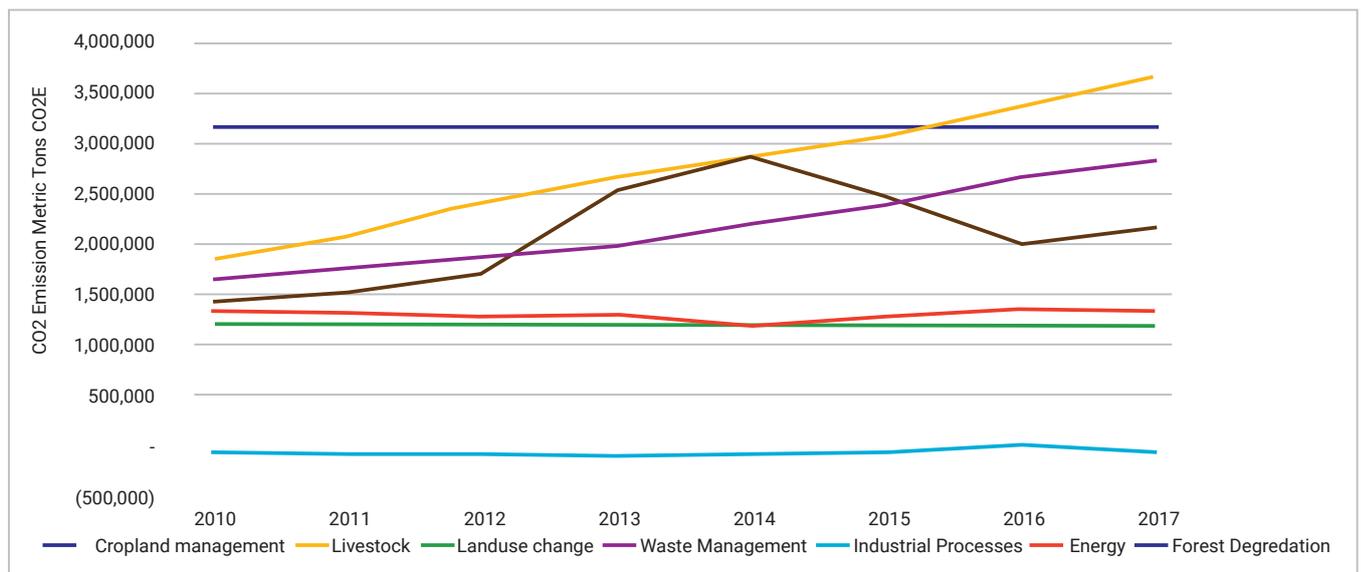
### 4.3 Land degradation

Land degradation in Malawi is widespread and severe. The World Bank (2019) reports that about 60 percent of Malawi's land is currently affected by soil erosion and nutrient loss that, in part, is triggered by loss of forest cover but, largely, due to poor soil and water management and poor agricultural practices such as crop cultivation on steep slopes land and riverbanks. This has seen the country losing around 29 tons of soil per hectare per year (ibid). This translate to an estimated annual cost equivalent to around 6.8 percent of gross domestic product (GDP).

### 4.4 Greenhouse Gas Emissions

Malawi’s Greenhouse Gas (GHG) emission are very low, amounting to 0.04 percent of the total global emissions estimated at of around 1.4 tons CO<sub>2</sub> equivalents (CO<sub>2</sub>e) per capita in 2015 (Government of Malawi, 2015). Agriculture, forestry, and other land use (AFOLU); energy; and industrial processes are Malawi’s main GHG contributing sectors in Malawi. As presented in **Figure 4.4**, while CO<sub>2</sub> (MT) emissions from forest degradation have generally remained high, emissions from livestock have been increasing over the years since 2010 and have surpassed those from forest degradation from 2016 to 2017. Similarly, emissions from waste management have also been increasing over the years largely due to poor solid and liquid waste management.

**Figure 4.1 Historical trends in GHG emissions: 2010–2017**



**Source: PERFORM Project (2018)**

Malawi’s total annual GHG emissions are expected to rise by around 38 percent from the current level of 29,000 Gg CO<sub>2</sub>e to about 42,000 Gg CO<sub>2</sub>e between 2015 and 2040 as a result of anthropogenic activities on environment (Government of Malawi, 2015). The Malawi Government’s goal to save between 14,000 and 16,000 Gg of CO<sub>2</sub>e per year by 2030 if a robust low emission development trajectory can be followed by implementing all conditional and unconditional mitigation and adaptation measures as outlined in the Nationally Determined Contributions (NDC)<sup>7</sup>.

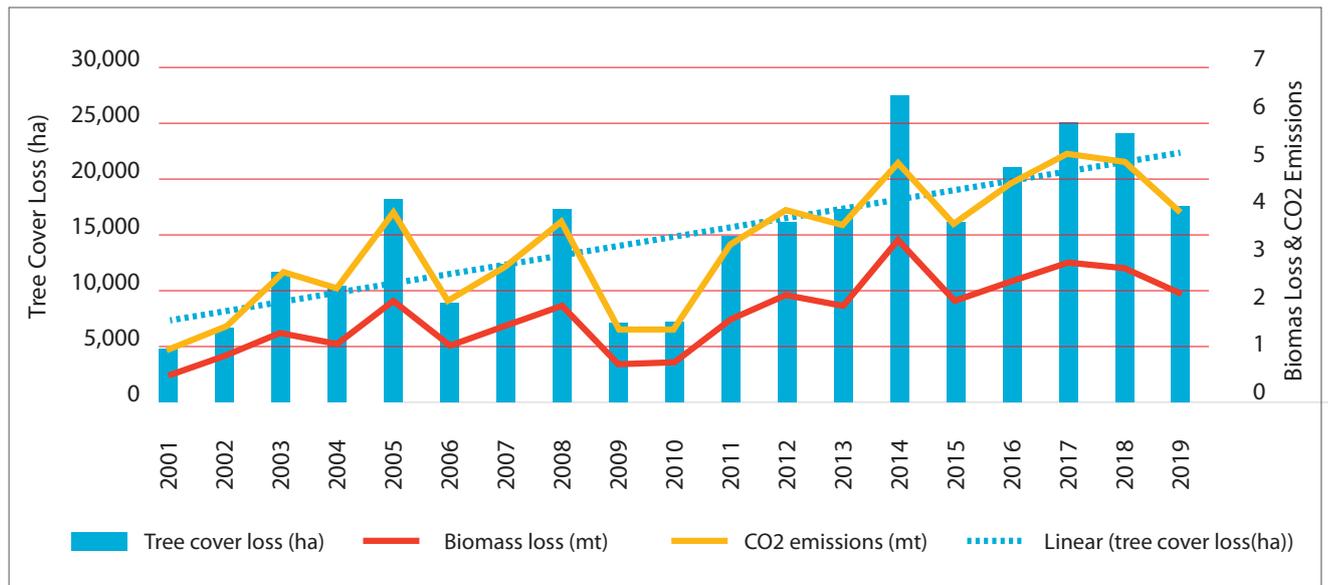
**Figure 4.2** below presents the trend in selected environmental indicators for Malawi at national level, while **Table 4.2** presents the same at subnational (district) level. These are “tree cover loss<sup>8</sup>”, “biomass loss” and “carbon dioxide (CO<sub>2</sub>) emissions<sup>9</sup>”. These trends are presented at 10 percent threshold canopy cover, where serious deforestation is considered taking place. As shown in **Figure 4.2** the trend in the number of hectares of tree cover loss has been increasing over the years since 2001 to 2019. This is partly due to land conversion from forest to cropland. Similarly, the trend in the above ground biomass loss (MT) and CO<sub>2</sub> emissions (MT) has been on the rise over the same period.

7 Malawi’s NDCs represents ambitious efforts by the country as part of the global response to climate change to achieving the purpose of the Paris Agreement.

8 “Tree cover” is defined as all vegetation greater than 5 meters in height and may take the form of natural forests or plantations across a range of canopy densities. “Loss” indicates the removal or mortality of tree cover and can be due to a variety of factors, including mechanical harvesting, fire, disease, or storm damage.

9 For carbon emissions and biomass, all of the aboveground carbon is considered to be “committed” emissions to the atmosphere upon clearing. Emissions are “gross” rather than “net” estimates, meaning that information about the fate of land after clearing, and its associated carbon value, is not incorporated. Emissions associated with other carbon pools, such as soil carbon, are not included in these figures.

**Figure 4.2: Selected environmental indicators for Malawi, 2001-2019**



**Source: World Resources Institute and Global Forest Watch (2019)**

At subnational level, districts have various contributions to tree cover loss, biomass loss and CO<sub>2</sub> emissions. **Table 4.2** shows that Nkhata-Bay, Mzimba, Chitipa Lilongwe, Rumphi, Mulanje, Karonga, Mangochi, Chikwawa and Thyolo are the top contributing districts to tree cover loss, above ground biomass loss and CO<sub>2</sub> emissions in Malawi. This increasing rate of forestry degradation than they are replenished has negative ramifications on the sustainability of human development in Malawi given the fact that 43 percent of Malawi’s wealth is renewable natural capital where forest and woodlands account for 5 percent of the country’s total wealth and 12 percent of natural capital. It is therefore important that the country should invest in environmental conservation and protection by restoring degraded forests as provided for in the National Forest Landscape Restoration Strategy (2017).

Table 4.2: Selected environmental indicators for Malawi at district level, 2001-2019

| subnational | Tree cover loss (ha) |           |           |           | Biomass loss (mt) |           |           |           | Co2 emissions (mt) |           |           |           |
|-------------|----------------------|-----------|-----------|-----------|-------------------|-----------|-----------|-----------|--------------------|-----------|-----------|-----------|
|             | 2001-2006            | 2007-2012 | 2013-2019 | 2001-2006 | 2007-2012         | 2013-2019 | 2001-2006 | 2007-2012 | 2013-2019          | 2001-2007 | 2007-2013 | 2013-2020 |
| Balaka      | 56.8                 | 33.3      | 20.0      | 0.003     | 0.000             | 0.000     | 0.007     | 0.000     | 0.000              | 0.007     | 0.003     | 0.002     |
| Blantyre    | 95.0                 | 81.3      | 62.5      | 0.015     | 0.008             | 0.005     | 0.023     | 0.005     | 0.005              | 0.023     | 0.018     | 0.010     |
| Chikwawa    | 337.7                | 681.8     | 442.7     | 0.028     | 0.062             | 0.035     | 0.048     | 0.062     | 0.035              | 0.048     | 0.110     | 0.065     |
| Chiradzulu  | 23.8                 | 18.7      | 26.3      | 0.002     | 0.000             | 0.003     | 0.005     | 0.000     | 0.003              | 0.005     | 0.003     | 0.008     |
| Chitipa     | 341.2                | 490.0     | 1655.0    | 0.040     | 0.047             | 0.142     | 0.073     | 0.047     | 0.142              | 0.073     | 0.088     | 0.258     |
| Dedza       | 189.5                | 214.8     | 513.3     | 0.020     | 0.028             | 0.050     | 0.037     | 0.028     | 0.050              | 0.037     | 0.048     | 0.092     |
| Dowa        | 64.2                 | 39.7      | 15.5      | 0.005     | 0.002             | 0.000     | 0.012     | 0.002     | 0.000              | 0.012     | 0.008     | 0.002     |
| Karonga     | 443.5                | 487.2     | 890.5     | 0.055     | 0.053             | 0.090     | 0.103     | 0.053     | 0.090              | 0.103     | 0.092     | 0.167     |
| Kasungu     | 232.5                | 205.8     | 288.0     | 0.018     | 0.017             | 0.027     | 0.037     | 0.017     | 0.027              | 0.037     | 0.033     | 0.050     |
| Likoma      | 0.0                  | 0.0       | 0.0       | 0.000     | 0.000             | 0.000     | 0.000     | 0.000     | 0.000              | 0.000     | 0.000     | 0.000     |
| Lilongwe    | 131.5                | 205.3     | 1404.3    | 0.015     | 0.027             | 0.152     | 0.028     | 0.027     | 0.152              | 0.028     | 0.047     | 0.278     |
| Machinga    | 145.5                | 108.3     | 600.7     | 0.015     | 0.015             | 0.082     | 0.028     | 0.015     | 0.082              | 0.028     | 0.023     | 0.152     |
| Mangochi    | 818.3                | 766.2     | 840.3     | 0.087     | 0.078             | 0.095     | 0.152     | 0.078     | 0.095              | 0.152     | 0.145     | 0.172     |
| Mchinji     | 69.2                 | 133.0     | 186.7     | 0.008     | 0.010             | 0.015     | 0.010     | 0.010     | 0.015              | 0.010     | 0.022     | 0.027     |
| Mulanje     | 326.2                | 374.8     | 708.8     | 0.063     | 0.072             | 0.113     | 0.112     | 0.072     | 0.113              | 0.112     | 0.132     | 0.210     |
| Mwanza      | 27.7                 | 38.8      | 86.3      | 0.002     | 0.002             | 0.007     | 0.002     | 0.002     | 0.007              | 0.002     | 0.007     | 0.015     |
| Mzimba      | 2501.2               | 3387.0    | 3550.5    | 0.265     | 0.360             | 0.365     | 0.487     | 0.360     | 0.365              | 0.487     | 0.662     | 0.668     |
| Neno        | 136.7                | 149.3     | 415.5     | 0.013     | 0.015             | 0.038     | 0.022     | 0.015     | 0.038              | 0.022     | 0.023     | 0.072     |
| Nkhata-Bay  | 1924.2               | 2825.5    | 6403.2    | 0.315     | 0.462             | 0.942     | 0.575     | 0.462     | 0.942              | 0.575     | 0.848     | 1.728     |
| Nkhatakota  | 414.5                | 388.7     | 850.3     | 0.048     | 0.040             | 0.093     | 0.082     | 0.040     | 0.093              | 0.082     | 0.073     | 0.170     |
| Nsanje      | 251.0                | 327.2     | 251.7     | 0.022     | 0.028             | 0.020     | 0.040     | 0.028     | 0.020              | 0.040     | 0.055     | 0.038     |
| Ntcheu      | 201.8                | 179.7     | 253.5     | 0.020     | 0.022             | 0.025     | 0.038     | 0.022     | 0.025              | 0.038     | 0.037     | 0.045     |
| Ntchisi     | 63.3                 | 54.3      | 173.3     | 0.007     | 0.005             | 0.020     | 0.010     | 0.005     | 0.020              | 0.010     | 0.012     | 0.035     |
| Phalombe    | 53.8                 | 54.3      | 206.2     | 0.007     | 0.005             | 0.030     | 0.012     | 0.005     | 0.030              | 0.012     | 0.013     | 0.055     |
| Rumphi      | 730.5                | 653.7     | 733.5     | 0.098     | 0.085             | 0.085     | 0.180     | 0.085     | 0.085              | 0.180     | 0.153     | 0.160     |
| Salima      | 158.7                | 64.5      | 95.0      | 0.012     | 0.005             | 0.007     | 0.023     | 0.005     | 0.007              | 0.023     | 0.010     | 0.015     |
| Thyolo      | 160.0                | 487.7     | 869.5     | 0.022     | 0.068             | 0.102     | 0.042     | 0.068     | 0.102              | 0.042     | 0.125     | 0.182     |
| Zomba       | 181.5                | 189.7     | 321.0     | 0.027     | 0.027             | 0.045     | 0.050     | 0.027     | 0.045              | 0.050     | 0.048     | 0.085     |

Source: World Resources Institute and Global Forest Watch (2019)

## 4.4 Environmental Health and Ecosystem Vitality

According to the 2020 Environmental Performance Index (EPI), Malawi ranks particularly poorly on ‘environmental health’ indicators—at 112 out of 180 countries with overall score of 38.3. For household air quality, Malawi ranks 87 out of 180 countries in 2019, a shift from 140 out of 180 in 2018. For water and sanitation, Malawi had a total score of just 8.28 out of 100 in 2018 as shown in **Table 4.3**. Malawi scored better for ‘ecosystem vitality’ indicators, with an overall ranking of 73 out of 180 in 2018 and shifted to a rank of 83 out of 180 in 2019. This is largely due to a high score on ‘biodiversity and habitat’ of 91.89 and 84.2 in 2018 and 2019, respectively. .

**Table 4.3: Malawi’s selected EPI Scorecard**

| Issue category              | 2018       |              | 2019       |             |
|-----------------------------|------------|--------------|------------|-------------|
|                             | Rank       | Score        | Rank       | Score       |
| <b>Environmental health</b> | <b>151</b> | <b>39.93</b> | <b>134</b> | <b>26.5</b> |
| Air quality                 | 140        | 54.79        | 87         | 39.6        |
| Water and sanitation        | 167        | 8.28         | 163        | 12.0        |
| Heavy metals                | 135        | 36.52        | 163        | 12.0        |
| <b>Ecosystems vitality</b>  | <b>73</b>  | <b>55.39</b> | <b>83</b>  | <b>46.2</b> |
| Biodiversity & habitat      | 26         | 91.89        | 23         | 84.2        |
| Fisheries                   | 127        | 5.52         | NA         | NA          |
| Climate and energy          | 29         | 64.88        | 144        | 34.2        |
| Air pollution               | 79         | 51.51        | 104        | 53.1        |
| Water resources             | 143        | 0            | 134        | 00          |
| Agriculture                 | 62         | 34.26        | 87         | 39.0        |

Source: EPI (2018 and 2020). Environmental Performance Index



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