

EVALUATION DEPARTMENT

REPORT 4/2017 COUNTRY EVALUATION BRIEF



Malawi

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The purpose of this **Country Evaluation Brief** is to present relevant knowledge about donors' development efforts in Malawi. The brief systematises relevant findings from existing evaluations of development interventions in the country. The idea is to present the findings to the reader in a succinct and easily accessible format.

Readers who want to explore key issues in depth can access the underlying reports through the reference list. At our website, you can also find a set of short "Evaluation Portraits" summarising the key contents of those documents.

The Country Evaluation Brief was researched and produced by the Chr. Michelsen Institute.

Oslo, June 2017
Per Øyvind Bastøe, Evaluation Director

PHOTO: KEN OPPRANN

Main findings

 **MALAWI IS ONE OF THE WORLD'S** least developed countries, with a poverty rate that is consistently high compared to other countries in sub-Saharan Africa and declining at a slower pace.

 **THE EVALUATIONS AND REVIEWS** of aid to health and education report some positive results on the project and programme level. This also applies to other social infrastructure, services provision, and efforts in the agriculture sector.

 **DONORS HAVE INVESTED** heavily in malaria control activities, and it is likely that this has led to the decline in mortality among children under five years of age. Projects providing school teacher training and facilitates for girls has improved basic reading skills and gender balance in school enrolment.

 **MORE NEEDS TO BE DONE** to stimulate growth of the stagnant agricultural sector. Although projects at the grassroots level have raised incomes of poor households and boosted productivity, more needs to be done in terms of land redistribution, improved framework conditions, and government policies for the agricultural sector.

 **MORE NEEDS TO BE DONE** to stimulate the diversification of the economy. There are untapped opportunities in manufacturing (especially processing of agricultural produce), fisheries (including fish farming), forestry, mining, hydropower, and tourism.

 **IN TERMS OF SERVICE PROVISION,** evaluations and reviews report good results at the project level. Some also report partial successes at the programme level. However, the long-term sustainability of service delivery is not ensured, as long as the government is unwilling and/or unable to take on the task.

 **GENERAL (DIRECT) BUDGET SUPPORT** has been 'on-and-off' three times since 1995 (and is currently 'off'). Despite this, we have found no recent evaluations, by either bilateral or multilateral donors, on the effect of providing – or withholding – general budget support to Malawi.

 **NONE OF THE EVALUATIONS** and reports can demonstrate that donors have been able to make significant changes at the political system level. Donor support to good governance and government efficiency has not transformed Malawi politics into an effective instrument of service delivery, strategic policy formulation, and efficient implementation of development-oriented policies.



MALAWI

Estimated population: 18 570 321, CIA 2017

Gross National Income (GNI) per capita (2011 PPP), USD: 1 073 (3 383*), UNDP 2016

Net ODA received (% of GNI, 2015): 16.95% (3.01%*) World Bank 2017a

Population under 25 years: 67.02% (Approx. 60%*), CIA 2017

Population under 15 years: 46.53% (43%*), CIA 2017

Urban population: 16.3% of total population (2015), CIA 2017

Annual rate of urbanisation: 3.77% (2010-15 est.), CIA 2017

Adult literacy rate (ages 15 and older): 65.8% (64.3%*), UNDP 2016

Mean years of schooling: 4.4 years (5.4*), UNDP 2016

Human Development Index ranking: 170 (of 188), UNDP 2016

Gender Inequality Index: 145 (of 159), UNDP 2016

Poverty headcount ratio at \$1.90 a day (2011 PPP): 70.9% (2010), (41.0*), World Bank 2017a

Child mortality rate (under five): 64 (per 1 000 live births) (82.2*), UNDP 2016

Life expectancy at birth: 63.9 years (58.9*), UNDP 2016

HIV/AIDS - adult prevalence rate (2015 est.): 9.11%, number 9 in the world, CIA 2017

HIV/AIDS - deaths (2015 est.): 26 700, number 11 in the world, CIA 2017

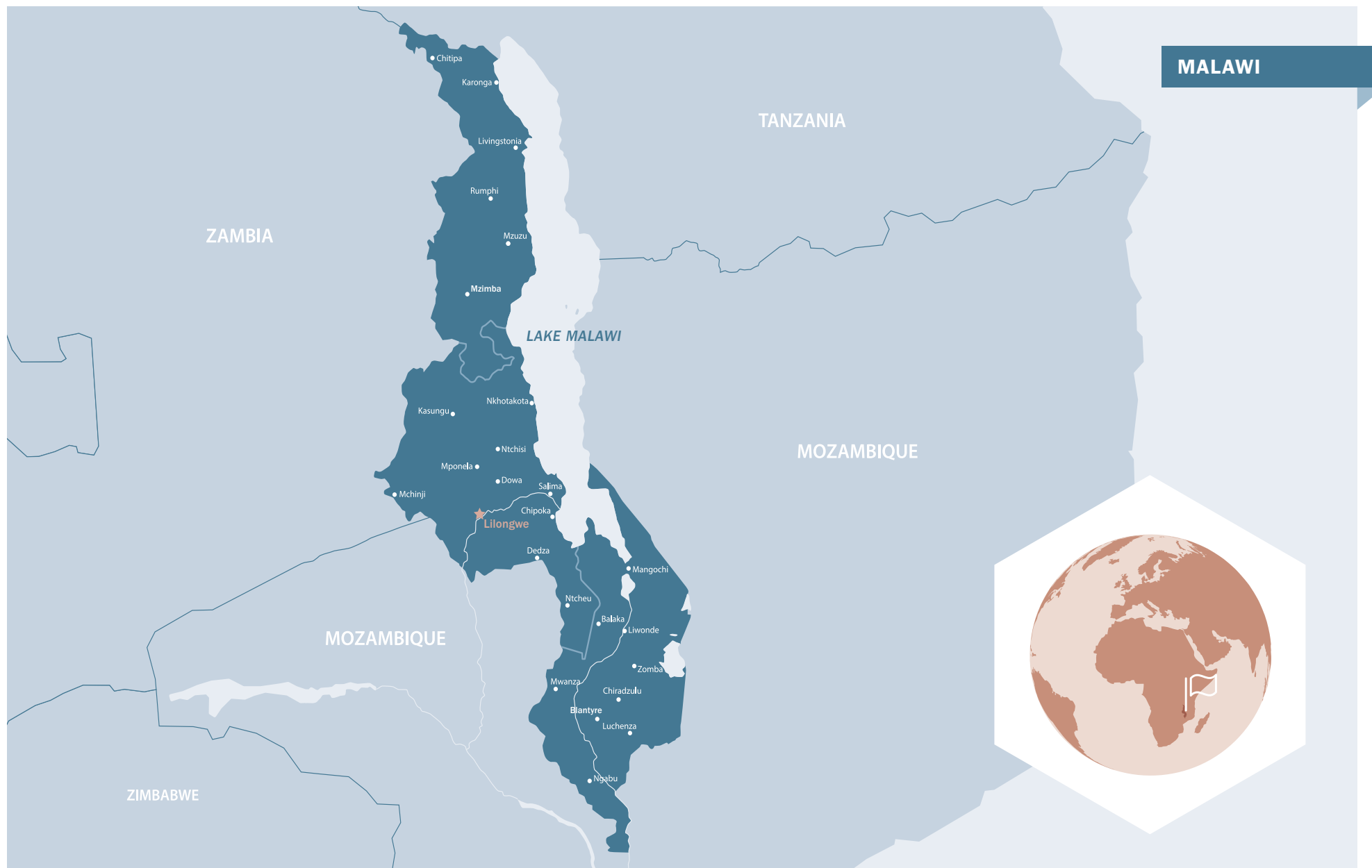
New Internally displaced people in 2015: 343 000, IDMC 2017

Corruption Perception Index: 120 (of 176), TI 2016

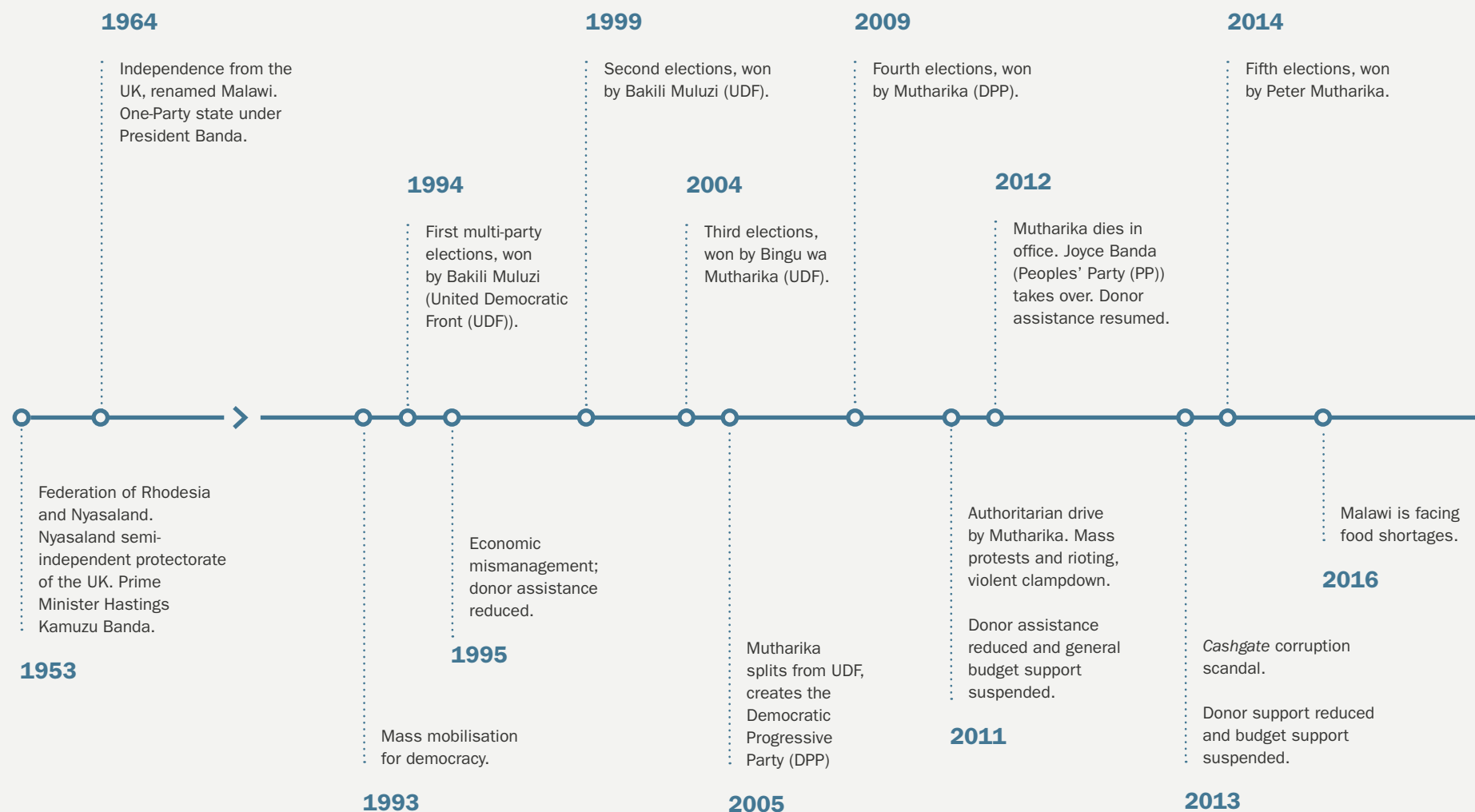


*Values following in brackets are for Sub-Saharan Africa.

Malawi is suffering rapid deforestation to provide for its growing population, such as farmland and charcoal. FOTO: NTB SCANPIX, SCIENCE PHOTO LIBRARY.



KEY EVENTS 2001–2016



1. Introduction

This Country Evaluation Brief reviews and synthesises findings from a selection of evaluations and reports on development interventions in Malawi produced mainly since 2010.



67% of Malawi's population are under 25 years of age. With an HIV/AIDS prevalence rate in the country of 9 per cent, many elderly Malawians carry heavy responsibilities. FOTO: STEPHEN MORRISON / AUSAID

As a poor country that is also small, friendly and accessible, Malawi has been a major recipient of aid for the past two decades. Relations between the Government of Malawi (GoM) and donors have fluctuated, however, largely as a consequence of donor reaction to government action or inaction on important policy issues. Aid flows have nevertheless resumed rather quickly, and have now reached a record high.

REVIEW AND SYNTHESIS

Against this background, this *Country Evaluation Brief* will review and synthesise findings from existing evaluations/reports/documents on development interventions in Malawi produced since 2010. As Malawi is one of the world's most aid-dependent countries, several of the larger donor countries and multilateral organisations are present in the country, and the number of aid evaluations is huge. We have accessed almost 100 evaluations altogether, including 30 for USAID alone.

The report is based on a review of a sample of 23 evaluations of aid programmes and projects (included in the *Evaluation Portraits*), combined with a contextual analysis that draws upon most of these (marked with an asterisk in the reference list) and upon a selection of additional academic literature and government and NGO reports.

Malawi has been a major recipient of aid for the past two decades.

SELECTION CRITERIA

A main selection criterion is relevance to Malawi's development challenges, as outlined in the country context chapter: poverty reduction, inclusive growth, and economic transformation, and in addition, good governance and anti-corruption. The selection also reflects the most important donors, their volumes of aid and sector focus, as well as the three main channels of aid (bilateral, multilateral/multi-donor, NGO).

The main bilateral donors in terms of volume are the US, the UK and Norway. The most important multilateral donors and international organisations are the International Development Association (IDA/World Bank), the Global Fund (focussing on health only), and the EU. The UNDP is an important aid co-ordinator. These are all represented in our selection.

We have selected the main evaluations within social infrastructure and services (mainly health and education) and production sectors (mainly



Young pupil after having re-entered school.

PHOTO: ERIK TÖRNER, IM INDIVIDUELL MÄNNISKOHJÄLP [HTTP://WWW.MANNISKOHJALP.SE](http://www.manniskohjalp.se)

agriculture). Within the first category, government and civil society (democratisation, good governance and anti-corruption) have been emphasised. We have also privileged the forward-looking, newer, and higher-level systemic (programme) evaluations over the many lower-level (project) evaluations.

Consequently, some sectors are excluded: those not directly relevant to the main development challenges listed above, not emphasised by donors, and not considered long-term development assistance. Therefore, this report does *not* cover emergency and drought/flood relief, food aid, humanitarian aid, and debt relief. Small donors and those outside of the OECD-Development Assistance Committee have also been excluded.

2. Country Context

Malawi is characterised by continuing high levels of poverty, weak economic growth and failure to deepen democratic development. Its formal democratic credentials notwithstanding, the political system has been unable to generate the necessary economic transformation, growth and poverty alleviation.



Delayed rains threatened the maize crop and pushed prices to record highs in February 2016. FOTO: REUTERS / MIKE HUTCHINGS

ECONOMIC BACKGROUND

In Malawi, the overall growth rate has been low, notwithstanding the exceptional growth rates between 2005 and 2010 (which was largely due to the infusion of massive subsidies in agriculture and auspicious weather conditions). Inflation and interest rates have been high, and fiscal deficits and economic inequalities have widened. The GDP growth rate is estimated at 2.6 per cent for 2016. Population growth was 3.1 per cent on average over the years 2000-2005, one of the highest in the world (World Bank 2017a). This is a key indicator of widespread poverty.

Malawi's slow economic growth is partly due to geographical and physical factors – a landlocked position, deteriorating soils, and recurring climate and weather-related shocks – but it also reflects socio-economic factors such as high population growth, macroeconomic instability, and a stagnating rural sector. Around 80 per cent of Malawi's population derives its income from agriculture, but as the country is densely populated and density is growing, landholdings have become progressively smaller.

Malawi was a net exporter of cereals in the years after former President Bingu wa Mutharika introduced farm subsidies in 2004. With



Fishermen board a boat to fish at Lake Malawi's shore on the outskirts of the commercial capital Blantyre, May 2017. PHOTO: SCANPIX. EPA/AARON UFUMELI

government subsidy vouchers to smallholders for seeds and fertilizer at about one-third of the market cost, Malawi harvested a grain surplus and became an exporter of grain and maize. Nevertheless, estimates point to a 12.4 per cent decline in maize production for the 2015/16 growing season due to flooding in the southern districts and a countrywide drought, against an already low 2014/15

base (World Bank 2016). Again in 2016 Malawi was facing food shortages due to the El Niño-related drought in much of southern Africa.

Human development indicators remain dismal despite slow improvements. Around 70 per cent of the population is living on less than USD 1.90 a day (World Bank 2017a). More than half of the children in the lowest wealth quintile are

stunted, and the under-five mortality rate is still high. Furthermore, income inequality and the proportion of people defined as ultra-poor have increased (GoM 2014: 10-11).

The persistent high levels of poverty and low levels of human development are also due to a lack of policy direction and strategic political decisions, despite Malawi's opening to democratic politics in the mid-1990s.

POLITICAL BACKGROUND

The multiparty elections of 1994 marked the end of more than 30 years of 'president-for-life' Hastings Kamuzu Banda. Malawi has since held another four multiparty elections, every five years. All five elections have been deemed relatively free and fair. Two presidents have stepped down, peacefully, because of electoral defeat, making Malawi a "partly free" democracy. The features of formal electoral democracy have not, however, led to economically favourable policies, economic growth, and prosperity.

Political life is characterised by a preponderance of ethnic or regional politics over national issues. The provision of government contracts appears to be influenced by family ties, ethnicity, and political considerations. Public administration is highly politicised (Norad 2010a: 6). The delivery of public services

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is widely believed to favour some groups and marginalise others.

Corruption – political corruption as well as bureaucratic/administrative corruption – is endemic, and embezzlement in the form of theft of public resources for private use is entrenched. Corruption is both a chief incentive for seeking political positions, as it brings personal wealth and status, and the foremost means to reach and hold on to political power.

According to a World Bank report, the main sources of illicitly acquired money in Malawi are corruption and tax evasion (including trade distortions) (Ykona et al. 2011: xv). Income derived from corruption is estimated to about 5 per cent of GDP in Malawi, tax evasion to



President Peter Mutharika greeting supporters after being sworn in at the High Court in Blantyre, 31 May 2014. PHOTO: SCANPIX/AP PHOTO/THOKO CHIKONDI

8 to 12 per cent, and illicit money transfers to between 5 and 10 per cent of GDP (ibid.: xv-xvi).

Malawi's ratings on the African Development Bank's *Country and Policy Institutional* (CPIA) index on transparency, accountability, and corruption (ADB 2017) used to be on a par with Zambia and better than the regional average. In 2012, however, Malawi's ratings plummeted significantly and have since remained well below Zambia and the regional average. Transparency International's *Corruption Perception Index* shows a similar picture (TI 2016). While both Malawi and Zambia appeared to make some headway until 2012, Malawi has lost ground over the last three years and now performs markedly worse than its neighbour (IEG 2016: 24).

In terms of business and investment climate, Malawi scores low as well. On the *Ease of Doing Business* ranking (WBI 2016), Malawi ranks 133 out of 190 countries (June 2016), and on the *Global Competitiveness Index* Malawi ranks 134 out of 138 countries (2016-17) (WEF 2017).

Studies have also linked poor implementation of public policies and services to a break-down of discipline in the public sector. There is an internal culture of impunity in which regulations, laws and the constitution itself are “routinely ignored and violations [are] rarely punished”. This culture of impunity is made possible by “unrestrained presidential power and inadequate checks and balances” (IEG 2016: 10).

The capture of the public administration by politicians has been described with reference to the concept of the “hybrid neopatrimonial state” (Booth et al. 2006: viii). Politics operates within a framework of formal law and administration, but is in reality captured by informal patronage networks. Not only does this erode the incentives of the policy-makers to make policies in the public interest, it also directly limits the ability of civil servants to implement policies for the benefit of the population.

The social science literature usually invokes this structure to explain the relatively high tolerance for corrupt behaviour among public officials and political leaders. ‘Eating’ from public resources in order to share the benefits with one’s kinship group is likely to be regarded as morally more defensible than the alternative of turning one’s back on one’s own for the sake of an abstract principle of public service or an obligation to obey national laws (Booth et al 2006: 17).

POSITIVE TRENDS

Despite rather negative trends in economic and political development, which will shape Malawi’s future development, some elements of progress have been recorded in terms of human development.

The rate of enrolment in primary education has steadily increased. Between 2004 and 2013, the proportion of school-age children attending primary school and the proportion of households with a member who had completed primary school increased significantly (from 53 to 61 per cent, and 41 to 52 per cent, respectively). However, the biggest education challenge is low transition rates from primary to secondary school and the low quality of the education offered (ICAI 2016: 19).

The rate of childhood malnutrition has steadily declined. The rate of stunting in rural areas declined from 54 per cent in 2004 to 39 in 2015, and the overall proportion of underweight children declined from 18 to 12 per cent. The rate of under-five infant mortality declined from 133 to 64 deaths per 1000 live births (GoM 2016: 21). Other sources suggest that the decline in both these rates may have been even more significant.

With these positive achievements in the areas of health, nutrition and education, Malawi achieved four out of eight Millennium Development Goals (MDGs) in 2015.

3. Donor Engagement in Malawi

Malawi has a long history of aid and aid dependence, and a history of shifting donor strategies according to changing priorities and changing political circumstances in the country.



A man is distributing water, pumped up from Mikoko River, at a corn field in Chinamwali. FOTO: KEN OPPRANN

FLUCTUATING ODA

Official Development Assistance (ODA) has been an important contribution to state budgets and service delivery in Malawi. The transition to democracy in 1994 brought a significant rise in the number of donors and aid inflows, and the overall trend has been a fluctuating but overall significant increase.

Since 2007, aid flows have fluctuated between USD 774 and 1189 million per year. Aid levels peaked in 2008, 2010, and 2012, with some significant downturns after the peaks. The overall donor contribution to the state budget has hovered around 40 per cent, and the donors have at times been financing close to 90 per cent of the national spending in certain sectors, like health and gender.

The fluctuating inflows are important to emphasize. The inflows plummeted for the first time in 1995, in response to the government's loss of fiscal control. The aid levels were quickly restored, however, and increased steadily for several years.

The second downturn came in 2008, when government-donor relations soured over President Mutharika's manoeuvring prior to the 2009 elections and his impasse with parliament. The third time donors withheld



Running mates Bingu wa Mutharika (R) and Joyce Banda during the presidential election campaign in 2009, Blantyre. PHOTO: AFP PHOTO/ AMOS GUMULIRA

significant amounts of aid occurred in 2011, during Mutharika's second term in office. All donors withdrew direct budget support in response to the president's bad economic policies and increasing levels of cronyism, patrimonialism and political oppression.

With the death of Mutharika and the ascendancy of Joyce Banda to the presidency in 2012, her policies initially met donors' demands and expectations. Relations were restored, direct budget support promptly resumed, and foreign aid reached unprecedented levels. In 2012, donor countries aided Malawi with a peak of

USD 1.189 billion, and foreign aid accounted for 21.48 per cent of its gross national income (GNI) (World Bank 2017a).

The Joyce Banda honeymoon was brief, however. When the 'Cashgate' corruption scandal exploded in 2013, 'on Banda's watch'; donors again withheld USD 150 million in budgetary support and aid grants. With Bingu wa Mutharika's younger brother's electoral victory in 2014 and a persistent lack of effective anti-corruption measures, donor confidence in the government remains low and general budget support (GBS) is still frozen. Never-

Donor confidence in  the government remains low and general budget support (GBS) is still frozen.

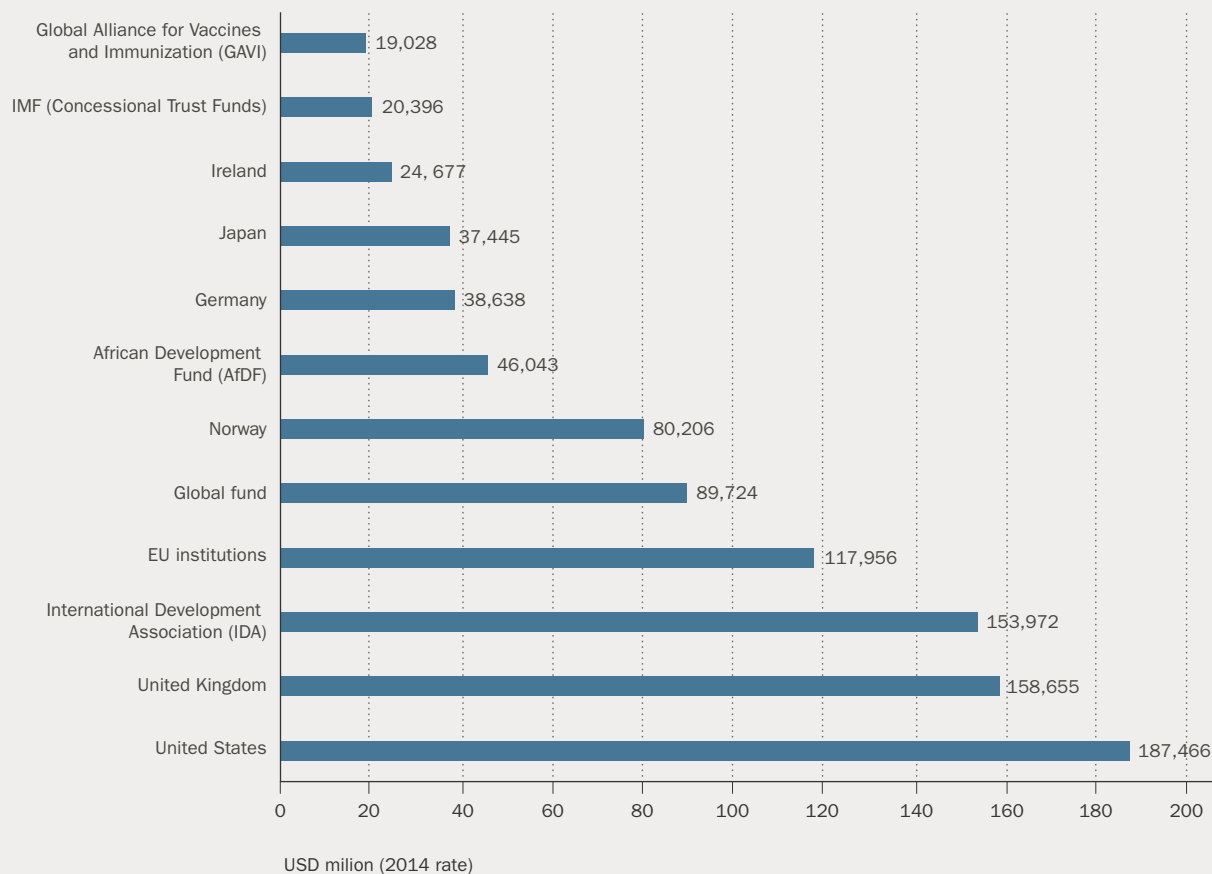
theless, in 2015 aid increased almost to the 2012 level, and in 2016 – whilst budget support was still suspended – the overall level of aid seems to reach a new high.

The recent increase has come despite the suspension of direct budget support, mainly as the donors have found alternative structures for support to health and education like the World Bank and UNICEF's *education sector joint fund*, and NGOs. Within the health field there are now over 300 NGOs in Malawi with different sources of funding (SUM 2017).

AID STATISTICS

Over the past five years (2010-2015), the biggest donors to Malawi have been the United States, the United Kingdom, the International Development Association (IDA) of the World Bank, the European Union and the Global Fund. Norway is Malawi's sixth biggest donor (Figure 1).

FIGURE 1 // TOP 12 DONORS OF GROSS ODA FOR MALAWI, 2010-2015 AVERAGE



SOURCE: OECD/DAC: AID AT A GLANCE

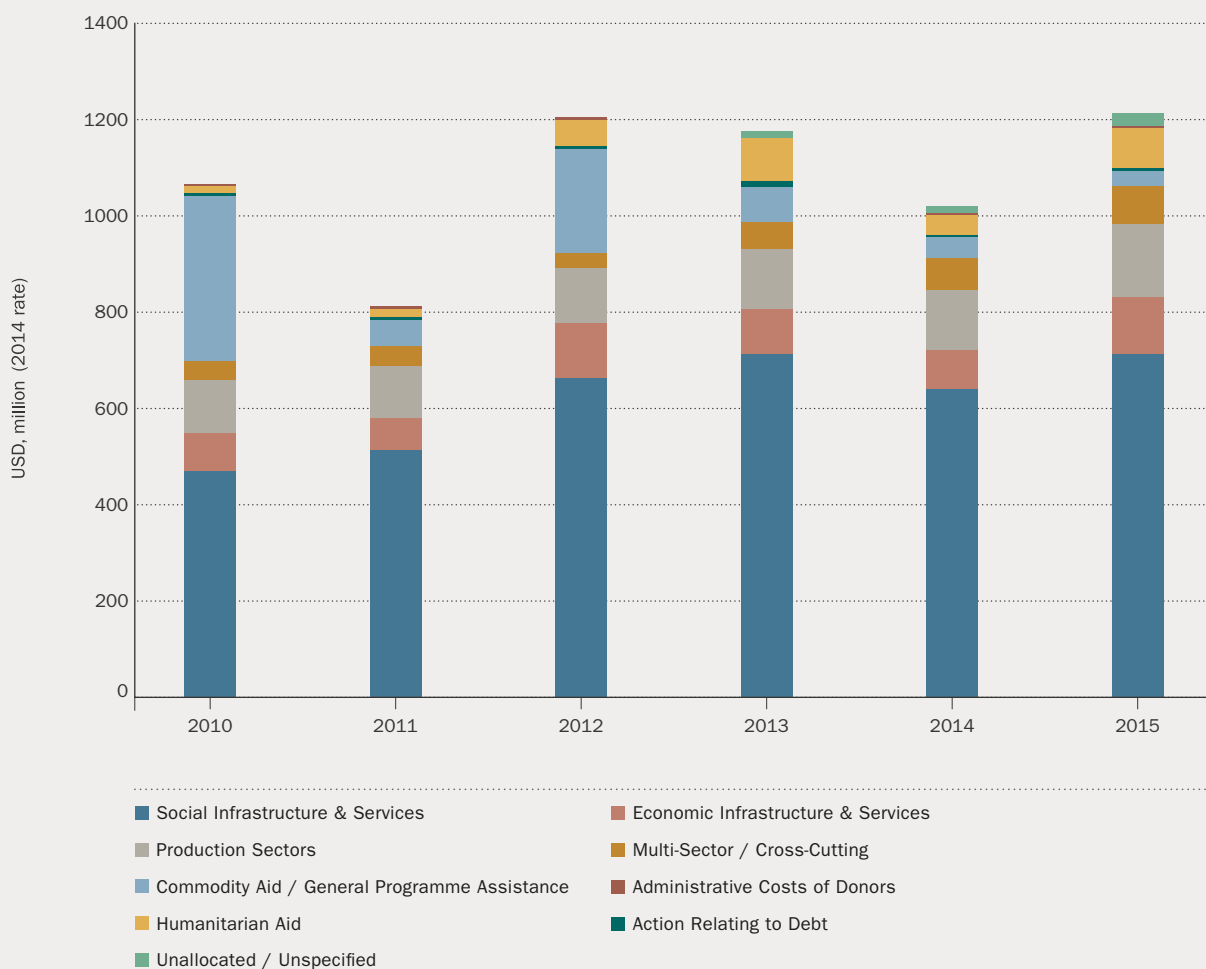
Social infrastructure and services form by far the biggest sector (with 59 per cent of the 2014-15 average), followed by production sectors and economic infrastructure and services (Figure 2).

Within the social infrastructure and services sector, health and population policies/ programmes and reproductive health are the biggest sub-sectors.

The role of non-Western aid actors such as Japan, the Arab world, Brazil and South Africa is negligible. The United Arab Emirates maintains some moderately sized projects, and China is increasingly important. Because of former President Hastings Banda's links with Taiwan, it was only in late 2007 that Malawi severed its ties with Taiwan and established diplomatic relations with the People's Republic of China, and China now seems intent on catching up with its 'backlog'.

China prefers to support individual projects carried out by Chinese companies, and Chinese money goes in particular into infrastructure development (like the Parliament building and the Karonga-Chitipa road), agriculture and food security, health and medical care, and education (Banik 2013: 7).

FIGURE 2 // TOTAL ODA TO MALAWI BY SECTOR AND YEAR, 2010-2015



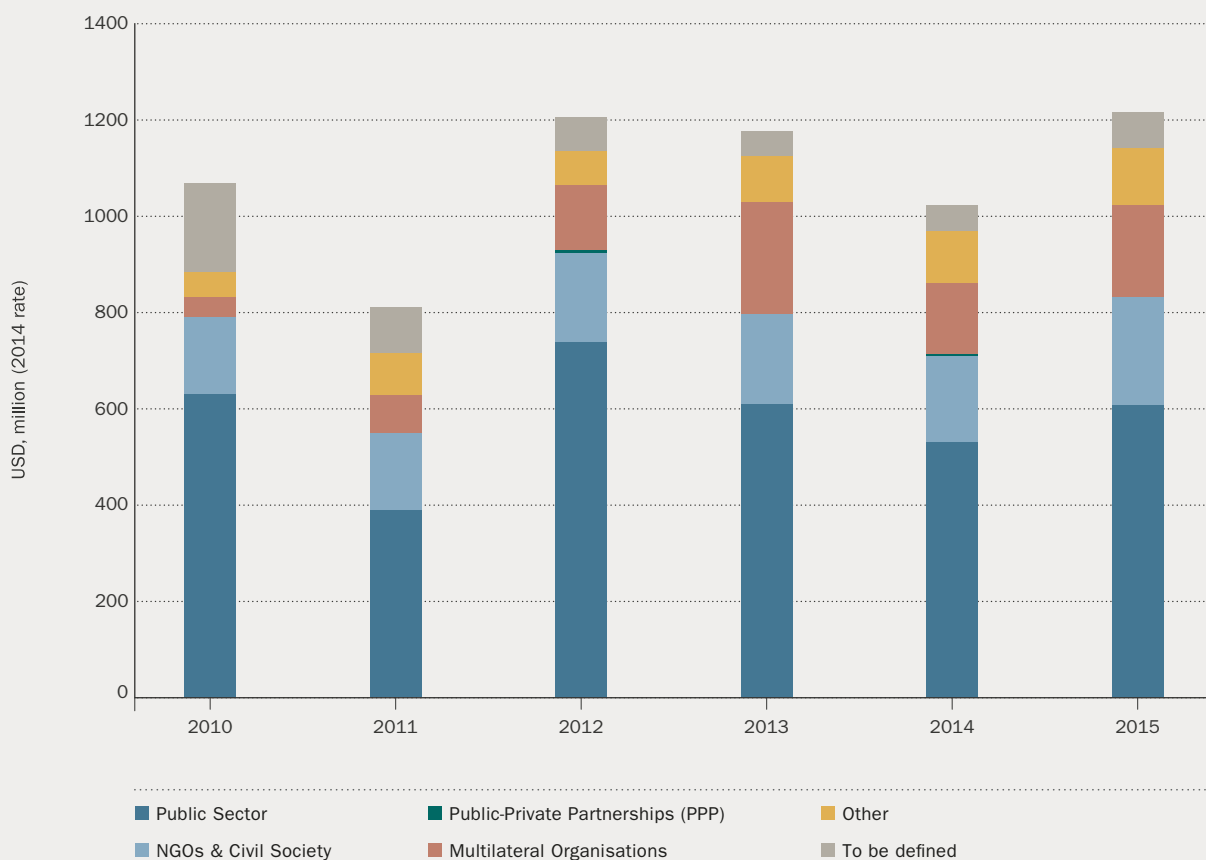
SOURCE: OECD/DAC: AID AT A GLANCE

In terms of channels, the public sector has been and remains the main aid avenue. NGOs and civil society are still bigger than multilateral organisations, but the latter seems to be catching up. Interestingly, public-private partnerships (PPP) are insignificant as a channel of aid to Malawi (see Figure 3).

Some recent improvements in donor coordination and reporting have been noted. For instance, *Sector Working Groups* (SWGs) have facilitated donor coordination, and inclusive multistakeholder co-designing processes have helped formulate the *Development Cooperation Strategy for Malawi for 2014-2018*. The establishment of an *Aid Management Platform* (AMP) has improved aid monitoring and reporting in Malawi (UNDP 2015). However, China and the United Arab Emirates are not participating in this coordination.

ODA compared to other resource flows gives an interesting picture. Government revenues count for between 30 and 40 per cent of GDP and this figure has been stable. In 2015, ODA counts for nearly half of government revenue, foreign direct investments (FDI) about a quarter. FDI is even more volatile than ODA, but increasing, and remittances are insignificant although slowly increasing (World Bank 2017a, IMF

FIGURE 3 // TOTAL ODA TO MALAWI BY CHANNEL AND YEAR 2010-2015



SOURCE: OECD/DAC; AID AT A GLANCE

2017). This confirms that ODA plays a major role in Malawi's economy, and far outstrips both foreign direct investments and remittances.

GOOD GOVERNANCE

The government and civil society sub-sector plays a minor role. It covers support for elections, public finance management, government institutions, anti-corruption, and political parties. This sub-sector has been reduced by more than a third from 2010 to 2015 (down from USD 103 to 63 million), and within this category, support for anti-corruption organisations and institutions is reduced to almost nothing (i.e. USD 287 000) in 2015 (OECD/DAC: Aid at a Glance).

The Norwegian commitment to good governance, however, which includes civil society and anti-corruption, accounts for 13 per cent of Norway's total. This is proportionally more than any other donor's support to Malawi.

Assistance for elections (voter registration, voter education, media training around election issues, domestic observation etc.) has traditionally, and by far, taken the biggest share of donor support for good governance in Malawi. More recently the focus within good governance support has moved away from elections and specific governance institutions towards civil society organisations, local government, and decentralisation.



Orange-clad supporters of the People's Party leader Joyce Banda on her nomination day as president in 2014. PHOTO: DAN MASON

4. Evaluations of Aid

In the service delivery sectors, the evaluations report overall positive results. Donor support for good governance and anti-corruption efforts is reported as less successful. Budget support and the effects of withdrawal have not been evaluated for a long time.



Heating of water in the sun outside the district hospital in Dedza. Evaluations have found positive results in Malawi's health sector. FOTO: GUNNAR ZACHRIZEN

Evaluations and other reports overall find positive results in the service delivery sectors, in particular in health and education where the donors' interventions have been substantial in all the years covered.

One research paper on foreign aid effectiveness in Malawi, using data on sub-national variation between areas treated versus untreated by aid, finds evidence of positive causal relationships between aid and living standards, and finds in particular that health aid reduces disease severity, water aid reduces diarrhoea, and that education aid increases school exposure (De and Becker 2015: 30). These positive results are also reflected in Malawi's level of attainment of the *Millennium Development Goals* (MDGs). According to the latest government report, progress has been achieved in attaining the eight MDGs:

Four of the goals are likely to be achieved, and significant progress has been made on the other four, where the country had a much lower starting base compared to other countries. The four MDGs that are likely to be achieved [by 2016] are: Reducing Child Mortality; Combating HIV and AIDS, Malaria and other Diseases; Ensuring Environmental Sustainability; and Developing Global Partnership for Development. The four that are in doubt are:



Clean water is crucial to maintain health. PHOTO: KEN OPPRANN

Eradicating Extreme Poverty and Hunger; Achieving Universal Primary Education; Promoting Gender Equality and Women Empowerment, and Improving Maternal Health (GoM 2014: 9).

Poverty levels remain very high and will be well above the MDG target by 2016. Furthermore, Malawi still has a very high maternal mortality rate, and the unfavourable ratio of girls to boys in secondary school has not changed much, thus perpetuating gender inequalities (GoM 2014: 10-11).

HEALTH

Both bilateral and multilateral agencies are heavily engaged in the health sector in Malawi, with the *Global Fund* as the biggest contributor. As some of the health-related MDGs have been



Water pipeline being repaired. PHOTO: KEN OPPRANN

reached, much can be attributed to the strong and persistent international aid efforts.

During the decade from 2000-2010, the GoM, USAID and other international donors invested heavily in malaria control. An evaluation of these interventions concludes that “it is likely that the decline in all-cause mortality among children under five years of age was in part due to a reduction in malaria-specific mortality” and that “it is plausible that the scale-up of malaria interventions contributed to the reductions” (MMIEG 2016: v).

An audit report of the Global Fund grants to Malawi confirms significant progress in the fight against the three diseases – AIDS, tuberculosis and malaria. This is partly due to the large

investments and good collaboration between partners in-country, and to the fact that the disease-fighting projects in the country have established parallel procurement, storage and distribution systems (OIG 2016: 4, 7).

However, one review/audit report pointed out that the malaria programme has significant weaknesses (OIG 2016). For example, a delay in the mass distribution of mosquito nets, poor record-keeping, inadequate facility-level storage and weak accountability led to unreliable stock controls and drug theft. As a consequence, the Global Fund and local partners launched an anti-corruption campaign to encourage Malawians to speak out about drug theft and abuse. The report also noted a low absorption rate of the foreign grants and of funds committed by the Government of Malawi (GoM) (OIG 2016: 7, 19).

Furthermore, the Global Fund's *Health Systems Strengthening* component is not specifically outlined, and the project assessment does not say whether the overall government capacity has been strengthened.

On the micro-level, the USAID's *Mwayi wa Mayo* project targets hard-to-reach communities in Blantyre district with limited access to health care services. The project provided key

maternal, new-born and child health, and family planning services, and the evaluation found that the project improved coverage of several high impact interventions, with significant improvement in the management of diarrhoea (Save the Children 2011: 7).

In sum, donor efforts in the health sector are reportedly having positive results, but the government's efforts in the sector are questionable. One DFID evaluation finds that in terms of system reforms, strong progress is made in some areas (notably decentralisation and public private partnerships) but in other areas (such as procurement) progress has been limited, because "there is confusion over who takes responsibility for procurement, as well as capacity to initiate and manage procurement" (DFID 2010: 31).

The GoM has at least allowed and to some extent facilitated donor efforts. Yet a DFID evaluation of its health *Sector Wide Approach* (SWAp) indicates that the government in recent years "has spent less on health in absolute terms – and that this has been compensated by significant increases in donor support" (ibid.: 8).

EDUCATION

Malawi is spending around 7 per cent of its GDP on education, half of which on primary

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education. This is higher than the regional average. Universal access to primary education has been achieved. Two important problems remain, however: the high drop-out rates and the low level of educational quality. Just one in three students who enter school will complete all eight years of primary education. The poor quality of education has been documented: for instance, almost 95 per cent of pupils assessed in grade 7 had 'no achievement' or 'partial achievement' in mathematics (World Bank 2015: 4, 24).

Around 80 per cent of government expenditure on primary education is allocated to teachers' salaries. With much of the remaining funds being utilised for the payment of hardship and travel allowances to teachers, there is very little room for financing other essential inputs for quality education (ibid.: 24).

The USAID flagship project *Early Grade Reading Activity* aims to improve reading skills of Malawian students in the lower grades by providing teacher training and reading materials. The project evaluation found that almost all teachers in the targeted districts had received training, and reading skills had improved (USAID 2015: xv).

The evaluation of the DFID programme *Keeping Girls in School* assessed easy-to-count targets like the number of girls supported with bursaries, the number of female teachers trained, and toilets built. These were found to be satisfactory (ICAI 2016: 20). DFID's attempted system-wide changes through this programme, however, was not assessed, even when other project documents acknowledged that policy-related factors were key barriers to the project.

AGRICULTURE

Agriculture is the mainstay of Malawi's economy, directly accounting for about one-third of gross domestic product. Agriculture significantly contributes to employment, economic growth, export earnings, poverty reduction, food security, and nutrition. Turning agriculture into a robust sector is therefore a major development target (World Bank 2017).



Soybean farmer in the field. PHOTO: MITCHELL MAHER / INTERNATIONAL FOOD POLICY INSTITUTE

To help reduce the sector's vulnerability to weather-related shocks and limited farmer capacity, the International Development Association (IDA) tried to improve irrigation and agricultural inputs through several large-scale projects, including the *Irrigation, Rural Livelihoods and Agricultural Development Project*, the *Community-Based Rural Land Development Project*, the *Agricultural Development Program-Support Project*, and the *Agriculture SWAp-Support Project*. A review of these found that assistance helped increase the irrigated area beyond the target and enabled more farmers to adopt various technologies. It also found, however, that agricultural incentives remain distorted, there is limited private sector involvement, and there is little agricultural diversification (IEG 2013: 1).



Beans are an important staple in Malawi. PHOTO: MITCHELL MAHER / INTERNATIONAL FOOD POLICY INSTITUTE

Likewise, an evaluation of the EU Commission's support to the agriculture sector found that this support contributed to increased productivity of the smallholder sector, basically through its short- to medium-term project interventions at the grassroots level. However, "[European Commission (EC)] support has not been able to significantly contribute to improving framework conditions and policy formulation in the agricultural sector" and therefore "EC support in the sector has contributed little to long-term changes" (EU 2011: 31).

Significant additional efforts are still needed. There is little agricultural diversification, irrigated land remains a tiny fraction of the 4.5 million ha of arable land (IEG 2013: 1, 5), and government interventions in agriculture



Checking the day's catch on the shores of Lake Malawi. PHOTO: KEN OPPRANN

Already in 2003, 
a broad-based EU
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are sometimes detrimental. For instance, the evaluation of IDA support found that,

with the state marketing board continuing to play a key role in input/output markets under directed prices and interventionist policies, agricultural incentives remain distorted (IEG 2013: 1).

GOOD GOVERNANCE

One factor clearly demonstrates the need for good governance to generate development. Malawi is a “hybrid neopatrimonial state”, where, as described above, internal political logics inhibit long-term formulation and implementation of policies in the public interest. Already in 2003, a broad-based EU country level evaluation recommended that governance

should be placed at the centre of all co-operation programmes, both as an end in itself (across sectors) and as a means (to achieving impact and sustainability) (EU 2011: 17). The political difficulties and outright obstacles encountered by the donors, as reported above, demonstrates the persistence of the problem.

The UNDP has been in the lead and coordinator for most of the donor-supported good governance and democratisation efforts in Malawi. In the first phase (1998-2002), the *Democracy Consolidation Programme* (DCP) was funded by Finland, the Netherlands, UNDP and Norway. In the second phase (2003-2008), funding was only secured from Norway and Sweden. In the third phase (2008-2011), Norway and the UNDP

were the only donors. Over the 14 years of the DCP programme, Norway has been the main bilateral donor (Norad 2010c: 7).

Legislatures

Parliament has been a major recipient of donor support over many years, and Malawi was the most aided country in the world in terms of support to strengthen parliament (in the 1999-2009 period, also without counting in the construction of the new parliament building funded by China). In the earlier phases, there was a basket funding arrangement under UNDP auspices, but from 2009 onwards most donors entered into separate bilateral agreements (Tostensen and Amundsen 2010: 19, 35-36, 99), and recently the support has been drastically scaled down.

While recognising the complexity of executive-parliamentary relations, it appears that the oversight power of the legislature has not been strengthened despite considerable donor support. In Malawi's presidential system, parliament retains its subordinate position. Furthermore, informal politics is paramount, which means that formal institutions and rules are easily circumvented at the discretion of government leaders (Booth et al. 2006: viii, Tostensen and Amundsen 2010: 19).

Public Finance Management and General Budget Support

A report from 2004 with the telling title “Budget as Theatre” (Rakner et al.) concluded that the budget process in Malawi provided no realistic estimate of revenue or spending, and that the budget process was a theatre that masked the real distribution and spending. This was echoed in 2013, in a review of World Bank/IDA support to public finance management (PFM). The review found the IDA efforts to sustain improvements in expenditure management, budget execution and accountability of the civil service to be *unsatisfactory*. Although some aspects had been strengthened,

there continues to be a dearth of effective public oversight over government spending decisions, and there is no evidence that audit or expenditure tracking data is being used to improve budget performance (IEG 2013: 1).

Another World Bank review notes that,

the government did not sufficiently recognize the weak internal control environment, which has resulted in the breakdown of the accountability chain. (...). The time lag between end of fiscal year and receipt of external audit reports by the legislative has significantly increased in

recent years, which undermines the legislative's ability to hold (the government) accountable (IEG 2016: x-xi).

The changing political environment for public finance management reform is also emphasised in another evaluation,

The pressure of the Legislature was important in President Mutharika's first term, [and] reforms were sustained up to 2009 due to the fact that the President did not have the majority party in government. [... The] political impetus for PFM reforms has weakened in the second term when the President had a majority in Parliament and no third term to contest (Sida 2012: 15).

As noted above, general budget support (GBS) has been suspended three times because of political upheavals, corruption, and loss of fiscal control. It is worth noting that we have found no evaluation, by either bilateral or multilateral donors or donor groups, on the effect of providing or withholding GBS to Malawi. The only evaluation of general budget support we found was an OECD/DAC joint evaluation of several countries, dating back to 2006, covering the 1994-2004 period. This report highlighted that,



Woman in her small shop, supported by a micro finance loan, outside of Lilongwe in 2011. PHOTO: AFP PHOTO / ALEXANDER JOE

the initial “design” [...] could be questioned in the light of the history of policy implementation and weak fiscal discipline by the GoM. This history raises the question of whether GBS was appropriate for Malawi. [...]. In the risk analysis, political risks in terms of commitment and policy priorities were relatively understated, while positive signs of progress were often overstated (IDD 2006: 2).

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The evaluation found that GBS was “particularly problematic” in Malawi, and that “there was no improvement in fiscal discipline as a result of the suspension in funding” nor any shift towards pro-poor expenditures (IDD and Associates 2006: 1).

Political Parties

Although one of the problems of democratic functionality in Malawi is the weak party organisations, weak party regulations (and a ‘selective’ application of the formal regulations), assistance to the strengthening of the party regulations and to the political parties have not been a donor priority in Malawi, except for a small UNDP/DFID *Strengthening Political Parties* project that ended in 2016. We have found no relevant evaluations.



Although mortality seems to be stabilizing in Malawi, the shops lining 'Coffin Road' in Lilongwe are busy day and night. PHOTO: LINDA NÆSFELDT / SAMFOTO

Civil Society

CSOs and NGOs play a significant role in service delivery in Malawi, mainly in rural areas, but Malawi presents a rather difficult political environment for civil society organisations. Until the late 2000s, NGOs were subject to a range of restrictions by the state. The situation improved with a change of president in 2012 to a more open political environment, which

enabled NGOs to interact more constructively with government (IIEA 2016: 9-10). By 2016-17, the situation has again become more unfavourable for civil society, although a recently passed information bill could help NGOs and communities obtain information on government matters.

The country has a visible and vocal civil society sector, yet this sector has struggled to gain

support due to inconsistent funding. The *Tilitonse Fund* (“We are together”; support to NGOs in Malawi) and other attempts to strengthen the voice and influence of citizens have had mixed results. The evaluations of DFID and other donor efforts to support CSOs to ‘achieve more inclusive, accountable and responsive governance’ point to one basic lesson:

The greatest contribution of Tilitonse has been at the interface between government, CSOs and citizens – instigated by grantees playing an active role in mediation and influencing efforts, leading to increased citizen participation and some examples of better citizen-government engagement. There are, however, far fewer examples of a tangible governance impact, where government (...) is responding to citizen priorities and is transparent, inclusive and accountable (IIEA 2016: 56).

In other words, civil society engagement can be enhanced through aid, but the effect of this on democracy, government accountability, responsiveness, inclusiveness, and service delivery is uncertain.

CROSS-CUTTING ISSUES

Anti-Corruption

Corruption poses a serious challenge to development in Malawi. The country suffers from various types of corruption – from high level political corruption that includes patronage and nepotism that exacerbate social inequality, to petty bribery that impedes service delivery. The response by donors to this situation has been mixed and inconsistent, and there is little evidence of impact on corruption levels (ICAI 2014: 1).

Most donors have put in place a range of standard controls and measures to protect aid from leakages. DFID has imposed particularly rigorous risk assessments and monitoring requirements for all projects and programmes, as well as regular internal and external audits which add a further level of assurance that money is spent on the purposes for which it is intended. This has created some safeguards against corruption in aid, although we have not seen any evaluations or reports demonstrating an effect on individual aid projects.

In addition, anti-corruption is a cross-cutting issue that has been mainstreamed into a number of projects. One example is the DFID-led *Kalondolondo* programme, through

which a group of Malawian CSOs are promoting citizen monitoring of public services through the use of community scorecards. One programme evaluation found that corruption in Malawi’s fertiliser subsidy programme had been reduced through this programme (ICAI 2013: 19-20). Anti-corruption measures are also promoted by donors through projects specifically and exclusively addressing the corruption problem in Malawi. For instance, donors have until recently supported the Malawian *Anti-Corruption Bureau* (ACB). According to a joint Norad/DFID evaluation of this support,

The ACB’s performance is affected by a political context where politics and institutions are highly personalized, and a political culture which tends to discourage impartiality, i.e. actions taken are seen to be influenced by political preferences (towards government or opposition). The ACB produces many outputs, however, little is known of their impact. Indicators are still mostly input or output based, but not looking at impact (Norad 2010a: 6-7).

It is unclear if these anti-corruption projects have had any impact in Malawi. Another report states that “While some programmes show limited achievements, there is little evidence of impact on corruption levels or in meeting the needs of the poor” (ICAI 2014: 1).

Gender

Wide gender disparities exist in terms of access to, and control of, productive resources and opportunities for political participation.

In a number of the evaluations reviewed, gender is a cross-cutting theme with some project elements aiming at better inclusion of women and girls. The country-wide evaluation of EU support to Malawi is illustrating, as it stated that,

The EU has clearly contributed to improving mainstreaming of cross cutting issues in the agricultural sector. However, women are still not benefiting to the same degree as men from interventions and the incorporation of gender issues varies widely between the programmes, ranging from examples of good practice to neglect (EU 2011: 34).

At the project level, some gender mainstreaming elements are found to have had positive effects. For example, a review of the *Tilitonse* fund found “evidence to suggest there have been gradual shifts towards greater inclusiveness, particularly of women” and “greater [woman] representation in community governance structures” because of sensitisation on gender equality of NGOs (IIEA 2016: 53). The same was reported from an assessment of a World Bank *Local Development Fund*:



Distribution of contraceptives. One in four women in Malawi want to use them, but lack access (DFID 2012). PHOTO: LINDSAY MGBOR / DFID

gender-positive impacts did arise from the project requirements on female participation, and “those impacts may have been substantial” (IEG 2016: 23).

Likewise, the USAID-funded programme *Wellness and Agriculture for Life Advancement* (WALA), a project to prevent and mitigate food insecurity in southern Malawi, has had a gender component in place since the start. It was designed to ensure a greater role and involvement of women in economically productive activities, and it has been successful. But, according to the evaluation, “the gender strategy does not include an in-depth contextual analysis of the situation specific to Malawi or the [Muslim and Christian] districts in which WALA is working” (USAID 2014: xiv).



A mother holding her 4 months old son. Improving maternal health remains a major challenge in Malawi. PHOTO: LINDSAY MGBOR / DFID

Some projects are directly aimed at gender, like for instance the DFID programme *Keeping Girls in School*. This project comprises a series of interventions to support girls in school, plus technical assistance to the Malawian government to strengthen its capacity to support girls’ education. The evaluation report stated that DFID “has a good range of programming directed towards marginalised girls”, and it found that the targets of increasing the number of girls supported in primary school were exceeded (ICAI 2016: 25). However, as DFID works closely with and through governments as the primary partner for delivering education, “in some instances, this constrains DFID’s ability to focus on girls’ education, owing to the competing priorities of its national counterparts” (ibid.: 35).

5. Lessons Learnt

While several evaluations report positive results from development interventions in Malawi at the project level, there is a lack of documented impact on poverty reduction and good governance. The donors have yet to find ways to help deepen democracy, constrain corruption and create economic diversification and growth.



Malawi has reached four of eight *Millennium Development Goals* (MDGs). Under five mortality in Malawi was halved from 2004 to 2015. PHOTO: LARS PLOUGMANN

This *Country Evaluation Brief* has identified seven essential lessons from our assessment of the evaluations and reports on development assistance to Malawi, and grouped these in three categories.

AGRICULTURE AND ITS ALTERNATIVES

Malawi's persistently high level of poverty, with extreme poverty on the rise, is largely due to a lack of dynamism and productivity in the agricultural sector, which employs the bulk of the population and generates much of the national income. Malawi's landlocked position, erosion and degrading soils, high risks related to climate change and extreme weather, compounded by high population growth, all add to the plight of the agricultural sector.

There are few alternatives to agriculture. There is little economic diversification that can employ a growing population, although there are untapped opportunities in manufacturing that can add value by processing agricultural produce, international trade, fisheries (including fish farming), forestry, mining, hydropower, and tourism. An unfavourable business and investment climate is impeding the development of these sub-sectors.

Against this background, two lessons stand out from the evaluations and reviews.



A tea factory worker offloads harvested tea leaves at the Makandi Tea Estate factory in Thyolo, 2015. Tobacco and tea are among Malawi's main exports.

PHOTO: AFP PHOTO / GIANLUIGI GUERCI

The first lesson is that the donors have been unable to stimulate growth in the stagnant agricultural sector. Although projects aimed at land redistribution and other interventions at the grassroots level have raised the incomes of poor households and boosted productivity, land redistribution is but one component of a successful land reform project (IEG 2013: 5). Donors have not been able to improve the framework conditions and the government's ability to formulate policies in the agricultural sector (EU 2011: 31).

The second lesson is that donors have not been able to address the lack of alternatives to agriculture and help Malawi mobilise the untapped possibilities of the other economic sectors. Far too little has been done towards diversification of the economy.

Renewed and strengthened efforts towards improving the poor business and investment climate could be a beginning. For instance, both foreign and domestic investors need access to stronger legal protection of property rights (land, buildings, etc.) as well as intellectual property rights (copyrights, patents and

trademarks, etc.). At present, staffing constraints, heavy caseloads, and some political interference are hampering legal redress.

SOCIAL SERVICE PROVISION AND SUSTAINABILITY

Malawi has reached four of eight *Millennium Development Goals* (MDGs), to a large extent with the help of the donors. Against this background, two more lessons stand out from the evaluations and reviews on social service provision

The third lesson is that service provision, financed by the donors and implemented by NGOs, CSOs and the agencies themselves, and to some extent by government structures, is possible, feasible, and often successful. Evaluations and reviews of aid to social infrastructures and service provision efforts – health and education in particular – report good results at the project level. As a typical example, the Global Fund reports that,

Global Fund investments in Malawi to date have contributed to significant results across all three diseases [HIV/AIDS, malaria and tuberculosis], with over 590,000 people on antiretroviral therapy, 7.74 million insecticide-treated nets distributed to protect children and families from malaria, and over 17,000 people tested and treated for TB (OIG 2016: 4).

Donor-financed social service provision is *unsustainable* in the longer run, as long as the government is unwilling and/or unable to take on the task.

Some evaluations and reviews also report partial successes at the programme level, sometimes substantiated by statistics showing improvements in at least parts of the sector. However, good service provision, as stated by several evaluations, requires continued funding and donor/NGO implementation, coupled with a good context and issue understanding, good collaboration between partners in-country, and safeguards against theft and abuse.

The fourth lesson is that the long-term sustainability of service delivery is not ensured. One problem is the difficulty of making real impact with severely underfunded donor interventions as compared to the magnitude of the service needs. An associated problem is fungibility; one evaluation claimed that the government



16 per cent of Malawi's population lived in urban areas in 2015 (CIA 2017).
PHOTO: KEN OPPRANN

of Malawi spent less on health as the donors scaled up their commitments (DFID 2010: 8). As donors are financing service delivery, the government can spend its money on other tasks without losing popular support, since services are being delivered. Donor-financed social service provision is *unsustainable* in the longer run, as long as the government is unwilling and/or unable to take on the task.

POLITICAL WILL AND GOOD GOVERNANCE

The seesawing of general budget support and withdrawal, plus the political logic of the patronage networks that makes politicians seek ends (read: status, power and wealth) that differ from the longer-term development needs of the nation, points to two more lessons learnt.

Too few of the donor efforts in the realms of governance and anti-corruption have been properly evaluated.

The fifth lesson is that donor responses to the unfavourable political context are very inadequate. The evaluations and reports demonstrate that the donors have been unable to make any significant changes at the system level. None of the evaluations reviewed has documented with credibility any positive effect of donor interventions aimed at deepening democracy, increasing political accountability and popular participation, reducing corruption, and ending fiscal indiscipline.

In terms of constitutional checks and balances, for instance, the presidential system remains unrestrained (IEG 2016: 10) and parliament remains in a subordinate position despite heavy donor support (Norad 2010b: 19), which has since been reduced. In terms of public finance management, there is still no effective public

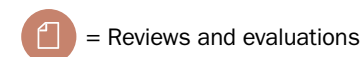
oversight over government spending. Audits and expenditure tracking are not improving budget performance, and the political impetus for public finance management reforms has weakened (IEG 2016: x-xi; IEG 2013: 1).

The sixth lesson is that the donors' programmes and projects can be satisfactorily protected against theft and abuse, and anti-corruption mainstreaming can help reduce some corruption risks in projects. The donors' specific, society-wide anti-corruption efforts have, however, been met with political resistance and obstruction. The support to the Anti-Corruption Bureau, for instance, is affected by a political context where politics and institutions are highly personalised, and a political culture which tends to discourage impartiality (Norad 2010a: 6-7).

The seventh lesson is that too few of the donor efforts in the realms of governance and anti-corruption have been properly evaluated. This is largely because an adequate response to these problems would require a coherent, joint donor approach, sustained and politically bold efforts, based on a deep understanding of the problems. To be effective in terms of governance and anti-corruption, new studies leading to systematised knowledge of Malawi's political economy and elite composition are

needed, as are institutional analyses, analyses of transparency and integrity in the political system, the corruption drivers, and the role of civil society and the political parties.

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Abbreviations

ACB	Anti-Corruption Bureau	SWAp	Sector-Wide Approach
ADB	African Development Bank	TI	Transparency International
AMP	Aid Management Platform	UDF	United Democratic Front (political party)
CMI	Chr. Michelsen Institute	UNDP	United Nations Development Programme
DCP	Democracy Consolidation Programme	UNICEF	United Nations Children's Fund
DFID	Department for International Development (UK)	USAID	US Agency for International Development
DPP	Democratic Progressive Party	USD	United States Dollar
GBS	General Budget Support	WBI	World Bank Institute
GDP	Gross Domestic Product		
GNI	Gross National Income		
GoM	Government of Malawi		
IDA	International Development Association		
MDGs	Millennium Development Goals		
NGO	Non-Governmental Organisation		
ODA	Official Development Assistance		
OECD/DAC	Organisation for Economic Cooperation and Development / Development Assistance Committee		
PFM	Public Finance Management		
PP	Peoples' Party		
PPP	Public-Private Partnerships		
PPP	Purchasing power parity		

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Cover photo: Ken Opprann
Kumudzi Kuwale, a solar energy company started in Malawi in 2013, has provided 2000 families and several schools with solar power.

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