

Helpdesk Research Report: Governance in Malawi

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Query: Please provide key resources on current political and economic governance issues in Malawi.

Enquirer: DFID

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1. Overview

Malawi is a young democracy, having transitioned to multi-party democracy only in 1994. It remains one of the poorest countries in the world, with 80-85% of the population living in rural areas and deriving their livelihoods from agriculture. Environmental degradation and HIV/AIDS are serious challenges to the country, and are having dire social and economic effects. In addition, the health care system remains weak and underfunded. In fact, Malawi currently faces a broad range of political and economic governance issues. The key ones identified in the literature are:

Rule of law: The 1994 Constitution included a bill of rights that guarantees civil, political, social and economic rights; and allowed for the emergence of an independent judiciary. However, Malawi's court system is overburdened and under resourced; and people living in rural areas have poor access to justice. Despite the constitutional guarantee of rights, the judicial system has failed to protect the rights of the marginalised (e.g. women and the poor) – in particular, land and inheritance rights. The interplay of formal and customary legal mechanisms has resulted in gaps in protection, and confusion over applicable law and interpretations. This has resulted in an unstable foundation for advocacy, awareness, implementation and enforcement. In particular, the failure to align customary law with constitutional guarantees has disadvantaged women. Reliance on customary legal mechanisms has often denied widows access to land holdings they used to access prior to their husband's death. The absence of women as judges and a persistent legal culture that is largely formalistic, patriarchal and conservative has prevented the courts from becoming an arena for social transformation.

Gender: In addition to the inequalities faced under the judicial system, women and girls in Malawi face widespread discrimination (e.g. access to school, access to work, role in political parties). Domestic violence is also common. Despite comprising 51% of the population, only 13.6% of parliamentary seats are held by women in Malawi. Their under-representation in

formal state politics can be attributed in part to traditional cultural beliefs that women's roles are in the private sphere, which results in girls being brought up to focus on domestic tasks at the expense of education.

Decentralisation and Local Governance: There have been a number of decentralisation initiatives in Malawi in recent years. These have addressed various sectors, e.g. education and health. Studies of demand driven initiatives have found that while equitable distribution of funds and minimal elite capture has been achieved at regional and district levels, there have been stark inequalities in distribution at the sub-district level. Weak downward accountability has allowed pro-active traditional authorities (chiefs) at these levels to get funding for their traditional authority areas. In some cases, those areas most in need of funds but where the relevant actors lack the capacity to articulate those needs, have been left under-resourced.

Efforts have also been made to decentralise resource management, in particular forestry and fisheries management, with the hope of producing more sustainable outcomes. In both cases, however, elite capture has hindered the ability of local communities and those actually working in these sectors to make decisions on resource use. In the forestry sector, forest state agents managed to become part of community organisations by joining local committees. In the fisheries sector, the design of beach village committees allowed the membership to become dominated by non-fishers – thus failing to reflect the vested interests of fishers whom the committees were supposed to regulate. In addition, some village heads undermined the implementation of the programme by changing committee membership to ensure that members chosen were accountable to them instead of the community.

Education: Education is considered a high priority by the government and is allocated 24.6 percent share of the budget. The combined enrolment rate for primary, secondary and tertiary education (63.1%) is one of the highest in Africa. High enrolments are largely the result of the introduction of free primary education in 1994. In spite of high drop-out and repetition rates, the number of students completing primary education has increased as has the demand for further studies. Private schools and Community Day Secondary Schools (CDSSs - formerly Distance Education Centres) have mushroomed to meet this growing demand. This has resulted in significant governance issues as these schools have developed outside of any government policy framework and regulation. The absence of minimum standards for facilities or staffing; and proper monitoring has resulted in quality concerns.

Private Sector and Financial Services: Agriculture is the foundation of Malawi's economy; 86% of the population lives in rural areas and agriculture directly employs more than 80% of the labour force. However, agricultural markets have largely been excluded from formal financial systems, with service providers focusing on urban sectors. Smallholder agriculture, in particular, has suffered from low profitability stemming from weak links to markets and limited access to land and credit.

The private sector also remains underdeveloped. Despite a change in government attitude from neglect of the private sector to officially supporting its growth, there have been few changes on the ground. The private sector faces numerous regulations, heavy taxation and lacks protection under rule of law/ property rights. As a result of the high costs of formalisation, many entrepreneurs in Malawi remain in the informal private sector – hindering movement from a subsistence and small scale economy to a more modern productive sector.

2. Country Profiles

European Commission, 2007, 'Republic of Malawi – European Community: Country Strategy Paper and National Indicative Programme for the Period 2008-2013', European Commission

http://ec.europa.eu/development/icenter/repository/scanned_mw_csp10_en.pdf

This document outlines the strategy for cooperation between the Government of Malawi and the European Commission in order to promote economic growth and infrastructure development as a means of achieving poverty reduction. Key elements of the strategy are provision of general budget support; focus on agriculture and food security in the context of national development and regional integration; and focus on regional interconnection, in particular road infrastructure. The document provides in Chapter 2 an analysis of the political, economic, social and environmental situation in Malawi. Some of the key points are highlighted below.

Political and institutional situation:

- Malawi is still a young democracy (with multi-party democracy established in 1994) – and national political parties and constitutional bodies are weak, partly due to inadequate funding.
- The Government of Malawi views good governance, rule of law and anti-corruption efforts as integral to political, social and economic development.
- The judiciary is independent. There are, however, an insufficient number of magistrates and judges; and people in rural areas have poor access to justice.
- Human rights are constitutionally guaranteed and institutions have been set up that contribute to publicising and prosecuting violations.
- Women and girls, however, face widespread discrimination (e.g. access to education, inheritance, access to work, role in political parties); and domestic violence is common. There have been some recent positive developments: the introduction of legislation prohibiting domestic violence and an increase in the number of women in Parliament and in senior government positions.

Economic and commercial situation:

- Agriculture is the foundation of Malawi's economy, accounting for approximately 36% of GDP. The sector is made up of smallholder and large-scale sub-sectors. Smallholder agriculture has suffered from low profitability due to weak links to markets and limited access to land and credit.
- Private sector growth has been constrained by a poor macro-economic environment, poor utility services, and a legacy of state intervention.

Social situation, including decent work and employment:

- Malawi is one of the poorest countries in the world, with 80-85% of the population living in rural areas and deriving their livelihoods from agriculture.
- Health service delivery is very poor and the health system remains underfunded.
- HIV/AIDS is a serious threat to the country, with dire social and economic consequences.
- The education sector shows mixed results: primary school enrolment has been on the rise; however, drop out rates are also high. The quality of teaching has been declining as a result of insufficient number of teachers (due primarily to HIV/AIDS); low level of teacher qualifications; poor curriculum and poor school infrastructure.
- Women, while comprising 51% of the population, remain marginalised in social, political and economic spheres.

Environmental situation:

- Malawi faces five key environmental challenges: increasing land degradation; advanced ongoing deforestation; diminishing water resources; declining biodiversity; and climate change.
- The dependence of the vast majority of households on smallholder farming has placed pressures on the environment through natural resource exploitation and unsustainable farming methods.

EStandards Forum, 2008, 'Country Brief: Malawi', eStandards Forum, New York

http://www.estandardsforum.org/secure_content/country_profiles/cp_111.pdf

This country brief lays out key findings in the political, business and investment environment in Malawi. They include:

- Political rights (e.g. freedom of speech and press; and freedom of association and assembly) are legally guaranteed. The state, however, still controls the majority of broadcast media.
- The judiciary has demonstrated independence. The court system, however, is overburdened and lacks resources, personnel and training.
- The climate for foreign investment is liberal, with few restrictions.
- The President's anti-corruption campaign has resulted in the prosecution of several high profile individuals. Still, Transparency International ranks Malawi 118 out of 179 in its Corruption Perception index.
- The UNDP Human Development Index ranks Malawi 166 of 177 (in 2007).
- The health care system is weak with insufficient doctors and other resources.
- Education is considered a high priority by the government and is allotted 24.6 percent share of the budget. The combined enrolment rate for primary, secondary and tertiary education (63.1%) is one of the highest in Africa.

Afrobarometer, 2009, 'Popular Attitudes toward Democracy in Malawi: A Summary of Afrobarometer Indicators, 1999-2008'

http://www.afrobarometer.org/Democracy%20Indicators/mlw_dem.indicators_6may09_newfinal.pdf

This document summarises popular attitudes regarding the demand for and supply of democracy in Malawi as revealed over the course of four Afrobarometer surveys conducted between 1999 and 2008. Key points are:

- "On many indicators of both demand for and supply of democracy, Malawi saw serious declines between 1999 and 2005, but has sharply rebounded in 2008.
- Support for democracy has jumped from its lowest point in 2005 to its highest in 2008.
- Similarly, rejection of all authoritarian alternatives has rebounded from surprisingly low levels witnessed in 2005, but rejection of one-party rule and strongman rule is still well below the highs recorded in 1999.
- Patience with democracy climbed steeply and steadily between 2003 and 2008.
- Support for term limits has dropped sharply between 2003 and 2008.
- Like demand for democracy, evaluations of the supply of democracy have also rebounded markedly from deep lows recorded in 2005" (p. 1).

3. Rule of Law

Kanyongolo F. E., 2006, 'Malawi Justice Sector and Rule of Law: A review by AfriMAP and Open Society Initiative for Southern Africa', Open Society Initiative for Southern Africa

<http://www.sarpn.org/documents/d0002236/index.php>

This paper looks at key challenges in the promotion of the rule of law and justice in Malawi. It states that the 1994 Constitution, which included a bill of rights, created an environment for the domestic incorporation of international human rights treaties. Parliament, however, has not paid sufficient attention to the 'domestication' of international obligations to render these obligations enforceable. As such, the paper stresses that a key challenge is the need to ensure that all statutory and customary laws are aligned to the Constitution and to international law.

The paper outlines progress that has been made in justice sector management. In particular, measures have been taken to strengthen the independence of the courts and police officers have undergone extensive training in human rights and public order management. Still, crime has been increasing – largely due to poverty; and the majority of the population lack access to justice. The paper recommends that attention be paid to strengthening prosecution service, guaranteeing fair trials, reforming prison systems – and improving access to justice, including developing a legal framework to govern customary forums.

Gloppen, S. and Kanyongolo, F. E., 2007, 'Courts and the Poor in Malawi: Economic Marginalisation', International Journal of Constitutional Law, vol. 5, no. 2, pp. 258-293

http://www.law.harvard.edu/programs/hrp/Siri_Gloppen_CourtsandthepoorinMalawi.pdf

This paper explores why, despite the progressive 1994 Constitution and the emergence of the judiciary as a strong institution in Malawi, the development of a body of pro-poor jurisprudence is absent. It first provides an overview of the political situation in Malawi and the impact on the marginalised. It states that, "the marginalisation of women, rural peasants, and workers is both a result and a cause of their political weakness [...In addition,] the quality of governance has deteriorated; corruption is rife; and the political institutions are generally unresponsive to the concerns of poor people" (p. 262). It notes, as well, that privatisation focused reforms have resulted in less investment in social services, reducing the social safety net for those who lack the means to secure private protection.

The legal situation has positive and negative aspects. The new Constitution entrenched civil, political, social and economic rights. However, in practice – the property rights of poor people have not been secured. Poor Malawians are usually reliant on customary land; they receive less protection for their livelihoods as private ownership rights are protected over traditional land use. Constitutional provisions that could protect poor people and be used to counter social and economic inequalities have not been relied upon – and there is a striking paucity of social rights jurisprudence compared to civil and political rights cases.

The paper explains that the reason for a lack of pro-poor jurisprudence may be partially due to the lack of demand for such cases – due to the lack of legal voice of the marginalised. It finds, however, that supply side factors are more important: lack of litigation support and a persistent legal culture that is largely formalistic, patriarchal and conservative. This prevents the courts from becoming an arena for social transformation. The absence of women as judges also contributes to the reinforcement of discriminatory practices in jurisprudence and hinders the realisation of the gender equality provisions in the Constitution.

4. Gender

Chiweza, A. L., 2008, 'The Challenges of Promoting Legal Empowerment in Developing Countries: Women's Land Ownership and Inheritance Rights in Malawi', in Rights and Legal Empowerment in Eradicating Poverty, D. Banik (ed.), pp. 201-216

<http://books.google.co.uk/books?id=nHIZeTPZVNIC&pg=PA201&dq=chiweza>

This chapter argues that although women's property and inheritance rights are protected by the 1994 Malawi Constitution, women are still disadvantaged. It finds that there are several factors that contribute to this position:

- There are no actual mechanisms designed to translate rights into reality. This has resulted in the failure to legally empower not only women, but more generally the poor.
- The interplay of formal and customary legal mechanisms has resulted in contradictory laws and conflicting interpretations (concerning the empowerment of women, customs, perceptions and community practices). This, in turn, has created gaps and an unstable foundation for advocacy, awareness, implementation and enforcement.
- Women are often constrained in their ability to demand rights outside of the traditional system. Reliance on customary legal mechanisms for property and inheritance law, instead of statutory law, has often denied widows access to land holdings they used to access prior to their husband's death.
- Administrative and adjudication procedures are weak; and poor social and economic conditions have negatively impacted on women's entitlements.

Kamlongera, A. P., 2008, 'Malawian Women's Participation in State Politics: What are the Constraints?', Gender and Development, vol. 16, no. 3, pp. 471-480

<http://www.informaworld.com/smpp/content-content=a904480848~db=all~jumptype=rss>

Only 13.6% of parliamentary seats are held by women in Malawi. This article seeks to explore why women are under-represented in formal state politics. Based on a qualitative study conducted with Malawian women active in state politics, it finds that key constraints on women's participation are:

- traditional cultural beliefs that women's roles are in the private sphere;
- different upbringing of girls that focuses on domestic tasks at the expense of education, which hinders the development of ambition and self-esteem;
- poverty, which results in a lack of resources (time, education, training) for women to enter into politics.

The article recommends that efforts be made to challenge traditional beliefs about women's roles; and that female politicians support and campaign for other female leaders.

5. Decentralisation and Service Delivery

Chikoko, V., 2009, 'Educational Decentralisation in Zimbabwe and Malawi: A Study of Decisional Location and Process', International Journal of Educational Development, vol. 29, no. 3, pp. 201-211

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6VD7-4TCXGCW-2&_user=122868&_rdoc=1&_fmt=&_orig=search&_sort=d&_view=c&_acct=C000010083&_version=1&_urlVersion=0&_userid=122868&md5=594f4cd9cc2247b8aad035b984a2f32f

This article looks at the decentralisation strategy promoted by the Ministry of Education, Sports and Culture in Malawi, which aimed to improve management of education. It focuses in

particular on the Chiradzulu imitative, designed and implemented by DFID and highlights the following lessons:

- Re-structuring alone is not sufficient to achieve decentralisation; attention must be paid to processes of re-culturing. Incentives should be provided in order to get people to change their reporting structures and to take on and learn new tasks.
- Lack of clarity on the form that decentralisation should take can confuse lines of accountability and hamper decentralisation efforts.
- Information is crucial to inform decentralised decision-making and those involved in decentralisation processes must be made aware of this. In Malawi, school heads' lack of awareness of the importance of up-to-date returns hampered the flow of accurate data from schools.

Schou, A., and Tsoka, M., 2009, 'The Design of Demand-Driven Programmes and Equity: Learning from Implementation in Malawi Councils', *Journal of International Development* <http://www3.interscience.wiley.com/journal/122302233/abstract>

This paper looks at three decentralised, demand driven initiatives in Malawi: the District Development Fund (DDF); the Malawi Social Action Fund Phase III; and the Multi-sector HIV/AIDS Programme. It finds that there was minimal elite capture at regional and district levels and funds were distributed relatively equally. At lower sub-district levels, however, distribution between traditional authority areas has been very unequal. The paper stresses that demand-driven programmes do not result in equitable sharing of benefits within regions/districts in the absence of a competent community able to articulate its priorities and hold implementers accountable: "The weak downwards accountability found in all programmes in this study would seem to require design improvements within the demand-driven approach to bring about the kind of accountability that make them work for the larger community. Indeed, there is room to improve the downwards accountability of councils and programme units through capacity building and increased information sharing to potential programme beneficiaries. However, since there is some way to go before rural communities in Africa are capable of effectively taking part in service delivery prioritisation in a bottom-up manner, governments and donors should perhaps reconsider the potential advantages of the top-down approach in achieving spatial equality" (p. 14).

Schou, A., 2009, 'Who Benefits from Demand-Driven Distribution of HIV/AIDS Services? An Analysis of the Emerging CBO Sector in Malawi', *Public Administration and Development*, vol. 29, no. 2, pp. 155-166 <http://www3.interscience.wiley.com/journal/122278460/abstract>

This paper argues that Malawi's demand-driven Multi-sector HIV/AIDS Programme (MAP) has not been successful in distributing the services of HIV/AIDS community-based organisations (CBOs) equitably or in promoting collective action. Areas most in need of services generally lack the capacity to attract project funding. Moreover, the paper finds that there was an element of elite capture in that pro-active leaders (traditional authorities) were integral in getting funding for their traditional authority areas. Collective action also did not materialise as the funded CBOs were more accountable to other civil society organisations (horizontal accountability) and to donors (upward accountability) than to their own constituencies (downward accountability).

See also:

Schou, A., 2007, 'Demand-Driven Poverty Programmes and Elite Capture in Malawi: Between Prebendalism and Benevolence', *The European Journal of Development Research*, vol. 19, no. 4, pp. 594-613 <http://www.informaworld.com/smpp/content~content=a783885127~db=all~jumptype=rss>

This article precedes the two publications above and provides an assessment of Malawi's first social fund programme. It finds that while programme funds were distributed evenly across regions and districts, there were tremendous inequalities at sub-district levels. It cautions against the implementation of decentralisation strategies: "Although decentralised implementation can improve outcomes in terms of community responsiveness and local ownership, it does not necessarily enhance distributional equity. Indeed, it makes sense to avoid elite capture at higher levels of government by decentralising project implementation. But even at the most decentralised levels there are forces that work against the sharing of programme resources. Thus there is a need to balance the demand-driven character of the programmes with targeting mechanisms that ensure, at least in the longer run, a greater degree of sharing in programme benefits" (p. 611).

6. Local Governance of Resources

Kamoto, J. F., Dorward, P. T., and Shepherd, D. D., n.d., 'Decentralised Governance of Forest Resources: Analysing Devolution Policy Processes and their Effects on Decision Making in Communal Forest Management in Malawi'

http://dlc.dlib.indiana.edu/archive/00003842/00/Kamoto_213701.pdf

This paper looks at the forest devolution policy process in Malawi – and the establishment of Village Forest Areas (VFAs), designed to allow communities to manage and use resources on customary land. It finds that, in reality, the institutions and structures set up to 'serve' local people on the ground remained an extension of central government control. Forest state agents have managed to become part of community organisations by joining local committees. Such elite capture has hindered the ability of local communities to make decisions on resource use.

Hara, M., 2008, 'Dilemmas of Democratic Decentralisation in Mangochi District, Malawi: Interest and Mistrust in Fisheries Management', *Conservation and Society*, vol. 6, no. 1, pp. 74-86

<http://dlc.dlib.indiana.edu/archive/00004575/01/cs-6-1-74.pdf>

Malawi's Department of Fisheries launched in 1993 a donor-funded pilot programme to establish decentralised 'participatory' fisheries management with the creation of elected Beach Village Committees (BVCs). The aim was to foster recovery of fish stocks that had been rapidly depleted through over-fishing. This paper argues that the devolution of authority in this case failed to deliver the intended benefits for several reasons:

- the BVCs were not given sufficient support by the Fisheries Department, which allowed for village headmen to assert their power. They claimed that BVCs drew their authority from them;
- the reliance of the BVCs on the Fisheries Department and donors made it difficult for BVCs to act independently;
- the election of BVCs by the population as a whole meant that their composition did not reflect the vested interests of fishers whom they were supposed to regulate. As such, it rendered them more accountable to the general population than to sectoral interests;
- the lack of a shared vision for decentralisation at the higher level diminished the possibility of decentralisation delivering grassroots democracy.

Njaya, F., 2007, 'Governance Challenges for the Implementation of Fisheries Co-Management: Experiences from Malawi', *International Journal of the Commons*, vol. 1, no. 1, pp. 137-153

<http://www.thecommonsjournal.org/index.php/ijc/article/viewFile/21/6>

Drawing largely from the lessons of fisheries co-management programmes in Malawi, this paper asserts that an effective co-management requires “the creation of an enabling environment that gives power and authority to government and resource users at community and district levels in a broader participatory management process” (p. 137). It finds that in Malawi, the provision of sitting allowances has in some cases lead to perverse incentives, attracting people from other professions. Non-fishers then comprise the majority of BVC membership; and the minimal inclusion of fishers as members weakens co-management. In addition, while some village heads played a positive role, others undermined the implementation of the programme by changing BVC membership to ensure that members chosen were accountable to them instead of the community. As such, it is important to monitor the conduct of village heads in co-management programmes – through management plans and by-laws with clear roles outlined for each stakeholder group.

See also:

Nyaja, F., 2008, ‘Practical Challenges of Governing Shared Commons: The Lake Chiuta Small-Scale Fisheries Resources’, paper presented at ‘Governing Shared Resources: Connecting Local Experience to Global Challenges’, 12th Biennial Conference of the International Association for the Study of Commons, 14-18 July, Cheltenham, England
http://dlc.dlib.indiana.edu/archive/00003959/01/Njaya_103601.pdf

7. Education and Knowledge

Chimombo, J., 2009, ‘Expanding Post-Primary Education in Malawi: Are Private Schools the Answer?’, Compare: A Journal of Comparative and International Education, vol. 39, no. 2, pp. 167-184

<http://www.informaworld.com/smpp/content~content=a909451752~db=all~jumptype=rss>

This study explores how private schools have been developing to meet rapidly growing demand for secondary education in Malawi. This growing demand stems from the introduction of free primary education in 1994. Enrolment in primary education increased as a result – and, despite high drop-out and repetition rates, the number of students completing primary education and seeking further studies has in turn increased. Private schools and Community Day Secondary Schools (CDSSs - formerly Distance Education Centres) have mushroomed in an *ad hoc* fashion with limited government control. There is no clear policy on the growth and regulation of private sector schools, or on those parts of the public school system which have mixed public and private finance. Most new schools remain unregistered, and those that are registered seem to automatically become certified without any effective quality assurance system or minimum standards for facilities or staffing. The absence of any policy framework, proper monitoring and regulation means that the schools vary in quality: CDSSs are under-resourced and private schools are largely unsupervised and unregulated. Another cause for concern is that many of the poor may be excluded from private schooling. The only alternatives are the government schools to which access is very competitive, or CDSSs which offer inferior education.

Nampota, D., Thompson, J. and Wikeley, F., 2009, ‘The Development of Human Capacity in Malawi: The Role of Science and Technology’, International Review of Education, vol. 55, no. 1, pp. 59-74

<http://www.springerlink.com/content/f46887037x27kut3/>

This article states that Malawi’s high dependence on agriculture is at the root of its unstable economic performance. The effects of weather and natural resource constraints have resulted in poor agricultural yields and low economic growth in recent years. The country, however, has the potential to diversify its economic base – e.g. by diversifying the varieties of crops and exports; and by moving up the supply chain. In addition, it needs to find more sustainable methods of agriculture. As a result of these pressures, the accelerating poverty rate, and the

poor health situation in the country, the Government of Malawi has been seeking to develop human capacity in the field of science and technology. This has been incorporated into government policy strategies and development plans.

The article provides an overview of the challenges and opportunities of this science and technology policy. One of the challenges is the proliferation of private and Community Day Secondary School (CDSS) sectors. These institutions, which developed to meet the increased demand for secondary education that outpaced the government sector, are (unlike government schools) poorly equipped to engage in science and technology teaching – in terms of teachers, laboratories and equipment. The article suggests that in order to address this weakness in the short term, the government could appoint specific schools to teach students the science they would need to adequately prepare for university science and technology programmes.

Evans, G. and Rose, P., 2007, 'Support for Democracy in Malawi: Does Schooling Matter?', *World Development*, vol. 35, no. 5, pp. 904-919

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6VC6-4NC5V96-2&_user=122868&_rdoc=1&_fmt=&_orig=search&_sort=d&_view=c&_acct=C000010083&_version=1&_urlVersion=0&_userid=122868&md5=7e640898452ad384719c88c524bcd306

This paper looks at the effect of education – in particular, primary education - on understandings of and support for democratic government in Malawi. It finds that primary school education does promote citizen endorsement of democracy and rejection of non-democratic alternatives – even with authoritarian teaching styles and in the absence of explicit civic education. It also finds that the promotion of education (through the abolition of primary school fees) itself has played an important role in the democratic process – by developing cognitive processes and inducing people to think for themselves.

8. Private Sector and Financial Services

Burrett, K., 2006, 'Expanding Access to Financial Services in Malawi', United Nations Capital Development Fund, New York

<http://www.uncdf.org/english/microfinance/uploads/technical/MalawiMFIr2.pdf>

This report discusses financial exclusion in Malawi – most prominently, the exclusion of agricultural markets from formal financial systems. This is particularly problematic given that 86% of the population lives in rural areas and agriculture directly employs more than 80% of the labour force (see p. 3). Microfinance has often filled gaps in financing and promoted financial inclusion. The report assesses the achievements and challenges for microfinance service delivery in Malawi, focusing on rural and agricultural markets. It provides recommendations for microfinance and the wider financial system.

Record, R., 2007, 'From Policy to Practice: Changing Government Attitudes Toward the Private Sector in Malawi', *Journal of International Development*, vol. 19, no. 6, pp. 805-816

<http://www3.interscience.wiley.com/journal/114298308/abstract>

This paper charts the history and transformation of the Government of Malawi's approach to the private sector. It highlights that "a legacy of 30 years of authoritarianism and distrust between the public and private sectors, followed by a decade where senior public officials enriched themselves through 'business' has unsurprisingly resulted in a poor relationship between the public and private sectors in Malawi" (p. 812). The government has changed its position in recent years; there is high-level political commitment and a new policy which sees the private sector as the 'engine of economic growth'. Despite this change in attitude, the private sector

remains weak – and few changes have materialised on the ground. The legal operating environment in Malawi for private sector enterprises is challenging, as in many other developing countries. The private sector faces numerous regulations, heavy taxation and lacks protection under rule of law/property rights. As a result of the high costs of formalisation, many entrepreneurs in Malawi remain in the informal private sector – hindering movement from a subsistence and small scale economy to a more modern productive sector.

Additional Information

This query response was prepared by **Huma Haider**: huma@gdrc.org

Websites visited:

African Development Bank Group, Afrobarometer, Amnesty International, Chr. Michelson Institute, Commonwealth Secretariat, Economic Intelligence Unit, eStandards Forum, European Commission, Google, GSDRC, Ingenta journals, OECD, Southern African Regional Poverty Network, Transparency International, UNCDF, UNDP, World Bank.

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